S2020-1

STATE OF HAWAII

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

HIDEO MURAKAMI, COMPTROLLER
STATE OF HAWAII

STATE OF HAWAII
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

TABLE OF CONTENTS

PART I: INTRODUCTORY SECTION

	Page
Principal Officials for Finance-Related Functions	8
State Organization Chart	9
Letter of Transmittal	10

PART II: FINANCIAL SECTION

	Exhibit/Schedule	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS		19
GENERAL PURPOSE FINANCIAL STATEMENTS		
Combined Balance Sheet - All Fund Types and Account Groups	A-1	20
Combined Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances (Deficit) - All Governmental Fund Types and Expendable Trust Funds	A-2	24
Combined Statement of Revenues and Expenditures - Budget and Actual - General and Special Revenue Funds	A-3	27
Combined Statement of Revenues and Expenses - Enterprise Funds	A-4	29
Combined Statement of Changes in Fund Equity - Enterprise Funds	A-5	30
Combined Statement of Changes in Financial Position - Enterprise Funds	A-6	31
Combined Statement of Revenues and Expenses - Hawaii Housing Authority Fund	A-7	32
Combined Statement of Changes in Fund Equity - Hawaii Housing Authority Fund	A-8	33
Combined Statement of Changes in Financial Position - Hawaii Housing Authority Fund	A-9	34
Combined Statement of Revenues, Expenses and Changes in Fund Balances - State Hospitals Funds	A-10	35
Combined Statement of Changes in Financial Position - Unrestricted State Hospitals Funds	A-11	36
Combined Statement of Revenues, Expenditures, Operating Transfers and Changes in Fund Balances - University Funds	A-12	37
Notes to General Purpose Financial Statements		38

	Exhibit/Schedule		Page
COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP FINANCIAL STATEMENTS AND SCHEDULES			
General Fund:			
Balance Sheet	B-1		73
Statement of Revenues, Expenditures and Changes in Unreserved Fund Balance	B-2		74
Statement of Revenues and Expenditures - Budget and Actual	B-3		76
Schedule of Expenditures and Other Financing Uses - Budget and Actual		B-4	78
Supplementary Schedule of Changes in Unreserved Fund Balance		B-5	79
Special Revenue Funds:			
Combining Balance Sheet	C-1		85
Combining Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances	C-2		86
Combining Statement of Revenues and Expenditures - Budget and Actual	C-3		89
Schedule of Expenditures and Other Financing Uses - Budgeted and Actual		C-4	91
Debt Service Funds:			
Combining Balance Sheet	D-1		95
Combining Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances	D-2		96
Capital Projects Funds:			
Balance Sheet	E-1		101
Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances (Deficit)	E-2		102
Supplementary Schedule of Reconciliation with Bonds Issued		E-3	103
Enterprise Funds:			
Combining Balance Sheet	F-1		106
Combining Statement of Revenues and Expenses	F-2		108
Combining Statement of Changes in Fund Equity	F-3		109
Combining Statement of Changes in Financial Position	F-4		110

	Exhibit/Schedule	Page
Hawaii Housing Authority Fund:		
Balance Sheet	G-1	112
Statement of Revenues and Expenses	G-2	114
Statement of Changes in Fund Equity	G-3	115
Statement of Changes in Financial Position	G-4	116
State Hospitals Funds:		
Combining Balance Sheet	H-1	120
Combining Statement of Revenues and Expenses	H-2	122
Combining Statement of Changes in Fund Balances	H-3	123
Combining Statement of Changes in Financial Position - Unrestricted Funds	H-4	124
University Funds:		
Combining Balance Sheet	I-1	127
Combining Statement of Revenues, Expenditures, Interfund Transfers, Operating Transfers and Changes in Fund Balances	I-2	128
Trust and Agency Funds:		
Combining Balance Sheet	J-1	133
Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances - Expendable Trust Funds	J-2	134
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	J-3	135
General Fixed Assets Account Group:		
Schedule of General Fixed Assets	K-1	139
Schedule of Changes in General Fixed Assets	K-2	139
General Long-Term Obligations Account Group:		
Schedule of General Long-Term Obligations	L-1	142
Schedule of Changes in General Long-Term Obligations	L-2	143

PART III: STATISTICAL SECTION

	Exhibit/Schedule	Page
1. Schedule of Revenues by Source - All Governmental Fund Types, Last Ten Fiscal Years	M-1	146
2. Schedule of Expenditures by Function - All Governmental Fund Types, Last Ten Fiscal Years	M-2	147
3. Schedule of Ratio of Annual Debt Service for General Obligation Bonded Debt to Total General Expenditures, Last Ten Fiscal Years	M-3	148
4. Schedule of General Obligation Bonded Debt Per Capita, Last Ten Fiscal Years	M-4	149
5. Schedule of Changes in Long-Term Bonded Indebtedness - General Obligation Bonds, Last Three Fiscal Years	M-5	150
6. Schedule of General Obligation Bonds Outstanding, Last Three Fiscal Years	M-6	151
7. Schedule of Matured General Obligation Bonds Outstanding, Last Three Fiscal Years	M-7	158
8. Schedule of Changes in Long-Term Bonded Indebtedness - Revenue Bonds, Last Three Fiscal Years	M-8	161
9. Schedule of Revenue Bonds Outstanding, Last Three Fiscal Years	M-9	162
10. Schedule of Matured Revenue Bonds Outstanding, Last Three Fiscal Years	M-10	163
11. Certificate of Legal Debt Limit, June 30, 1986	M-11	164

PART I: INTRODUCTION SECTION

STATE OF HAWAII

Principal Officials
for Finance-Related Functions

Governor	George R. Ariyoshi
Director of Finance	Jensen S. L. Hee
Director of Taxation	Herbert M. Dias
Director of Planning and Economic Development	Kent M. Keith
Comptroller	Hideo Murakami

Notes:

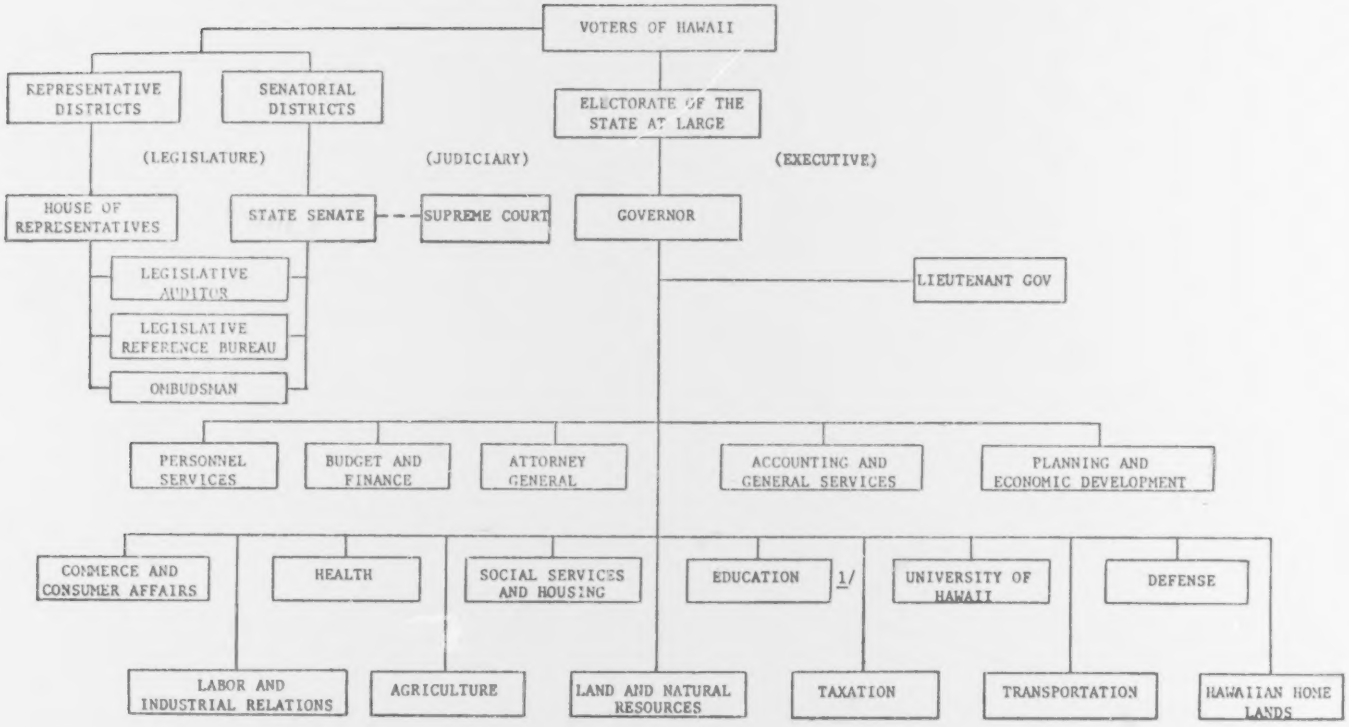
The Director of Finance is also department head of the Department of Budget and Finance.

The Comptroller is also department head of the Department of Accounting and General Services.

An organization chart including these and other departments and agencies of the State of Hawaii government is presented on the following page.

STATE OF HAWAII

ORGANIZATION CHART



NOTE: DOTTED LINE BETWEEN THE STATE SENATE AND THE SUPREME COURT REPRESENTS THE SENATE'S CONFIRMATION POWER OF THE GOVERNOR'S APPOINTMENT OF JUSTICES OF THE SUPREME COURT.

1/ BOARD OF EDUCATION ELECTED.

GEORGE R. ARIYOSHI
GOVERNOR

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P. O. BOX 119
HONOLULU, HAWAII 96810

HIDEO MURAKAMI
COMPTROLLER

MIKE N. TOKUNAGA
DEPUTY COMPTROLLER

December 18, 1986

To the Honorable Governor of the State of Hawaii
To the Honorable Members of the Fourteenth State
Legislature of the State of Hawaii

In accordance with the provisions of Section 40-5 of the Hawaii Revised Statutes, it is my privilege to present to you the Comprehensive Annual Financial Report of the State of Hawaii (State) for the fiscal year ended June 30, 1986. This report has been prepared by the State's Department of Accounting and General Services. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the State. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the State as measured by the financial activity of its various funds and account groups; and that all the information necessary to enable the reader to gain the maximum understanding of the State's financial affairs has been included.

Accounting System and Budgetary Control

The State uses the modified accrual basis of accounting for the General, Special Revenue, Debt Service, Capital Projects, Expendable Trust and Agency Funds. Revenues are recognized when they become measurable and available to finance operations during the fiscal year or liquidate liabilities at the end of the fiscal year. Certain self-assessed taxes, primarily the public service company tax, are recognized as receivables and deferred revenue when the tax returns are filed. Revenues which are not considered susceptible to accrual and therefore are not accrued include fines, forfeits and penalties, licenses, permits and franchises. Expenditures are generally recorded on the accrual basis of accounting when the related fund liability is incurred except for (1) interest on long-term obligations, which is recognized when payment is due, and (2) loans to foster economic growth and development, agriculture, and for housing for native Hawaiians, which are charged to expenditures when issued and repayments of which are recorded as revenues when received.

In developing and modifying the State's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the State's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

By statutory provision, the State prepares a biennium budget for State programs. Budgeted expenditures are derived primarily from the General Appropriations Act of 1985, as amended, and from other authorizations contained in the Hawaii Constitution, the Hawaii Revised Statutes and other specific appropriation acts in various Session Laws of Hawaii. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated periodically during the year.

An allotment system and encumbrance accounting are utilized by the State for budgetary control purposes. Obligations in the form of purchase orders, contracts, or salary commitments, are recorded as encumbrances at the time purchase orders or contracts are awarded and executed. Open encumbrances are reported as reservations of fund balances at June 30, 1986. To the extent not expended or encumbered, General Fund and Special Revenue Funds appropriations subject to budgetary control generally lapse at the end of the fiscal year for which the appropriations were made. The State Legislature specifies the lapse date and any other particular conditions relating to terminating the authorizations for other appropriations.

The Reporting Entity and Its Services

This report includes the various funds and account groups comprising the State of Hawaii, including all entities that are controlled by or dependent on the State. The Employees' Retirement System of the State of Hawaii, which is administered on behalf of public employees for both the State and county governments, is not included in the State's general purpose financial statements since its assets are not available to the State.

With Hawaii's highly centralized State government, the State provides a full range of services as mandated by statute. These services include, but are not limited to, education (lower and higher), welfare, transportation (highways, airports and harbors), health, hospitals, public safety, housing, culture and recreation, economic development and conservation of natural resources.

General Governmental Functions

Revenues for general governmental functions (excluding capital projects) totaled $2,050.1 million in fiscal 1986, representing an increase of 9.1% over fiscal 1985. The revenue from various major revenue sources and the increase over or decrease from the previous fiscal year are presented in the following tabulation (expressed in millions):

Source	Fiscal 1986	Percent Of Total	Increase Over (Decrease From) Fiscal 1985 Amount	Percent
Taxes	$ 1,476.5	72.0%	$ 126.7	9.4 %
Intergovernmental revenues	315.1	15.4	28.3	9.9
Charges for current services	98.4	4.8	4.3	4.6
Interest and investment income	59.8	2.9	(3.3)	(5.2)
Other revenues	100.3	4.9	14.5	16.9
Total	$ 2,050.1	100.0%	$ 170.5	9.1 %

The increase of $126.7 million in tax revenues from $1,349.8 million in fiscal 1985 to $1,476.5 million in fiscal 1986 was primarily comprised of general excise taxes (which increased $63.1 million), income taxes (which increased $32.8 million) and liquor taxes (which increased $9.2 million). The increase of $28.3 million in intergovernmental revenues reflects the increase from $286.8 million in fiscal 1985 to $315.1 million in fiscal 1986. Charges for current services increased $4.3 million, which reflects the increase from $94.1 million in fiscal 1985 to $98.4 million in fiscal 1986. Interest and investment income decreased from $63.1 million in fiscal 1985 to $59.8 million in fiscal 1986, a decrease of $3.3 million in fiscal 1986. Other revenues increased from $85.8 million in fiscal 1985 to $100.3 million in fiscal 1986, an increase of $14.5 million in fiscal 1986.

For further information on long-range trends in tax and nontax revenues for general governmental functions, Part III contains a tabulation covering the last ten fiscal years (Schedule M-1).

Expenditures for general governmental functions totaled $1,900.9 million in fiscal 1986, representing a decrease of .7% from fiscal 1985. The expenditures by function and the increase over or decrease from the previous fiscal year are presented in the following tabulation (expressed in millions):

Function	Fiscal 1986	Percent Of Total	Increase Over (Decrease From) Fiscal 1985 Amount	Percent
Education	$ 504.9	26.6%	$ 46.0	10.0 %
General government	176.1	9.3	42.9	32.2
Public safety	120.1	6.3	32.4	36.9
Economic development and assistance	56.7	3.0	21.9	62.9
Highways	119.3	6.3	17.3	17.0
Health	109.1	5.7	10.1	10.2
Culture and recreation	39.0	2.0	5.9	17.8
Welfare	321.8	16.9	.7	.2
Total increases	1,447.0	76.1	177.2	14.0
Debt service	234.2	12.3	(153.0)	(39.5)
Social security and pension contributions	142.1	7.5	(32.9)	(18.8)
Urban redevelopment and housing	11.2	.6	(3.3)	(22.8)
Conservation of natural resources	28.6	1.5	(.6)	(2.1)
All others	19.6	1.0	(.8)	(3.9)
Total decreases	435.7	22.9	(190.6)	(30.4)
Intergovernmental expenditures	18.2	1.0	-	-
Total	$ 1,900.9	100.0%	$ (13.4)	(.7)%

For further information on long-range trends in the expenditures for general governmental functions, Part III contains a tabulation covering the last ten fiscal years (Schedule M-2).

The operations of the State's General Fund for fiscal 1986 resulted in an unreserved fund balance of $137.0 million at June 30, 1986, compared with $129.5 million at June 30, 1985. The details of this change are included in the "Statement of Revenues, Expenditures and Changes in Unreserved Fund Balance - General Fund" in Part II.

Debt Administration

The amount of general obligation bonded debt per capita is a useful indicator of the State's debt position to its citizens. The amount at June 30, 1986 was $1,542; a schedule of such information for the last ten fiscal years is presented in Part III of this report. The following table presents certain data regarding the general obligation bonds issued in fiscal 1986:

Date Of Issue	Series	Interest Rate	Maturity Date	Amount
July 1, 1985	BC	7.30 - 8.00%	July 1, 1986/2001	$ 74,900,000
November 1, 1985	BD	7.70 - 8.50	November 1, 1988/2005	75,000,000
March 1, 1986	BE	6.25 - 6.60	March 1, 1989/2006	75,000,000

The general obligation bonds issued in fiscal 1986 were within the constitutional limitation established by the Constitutional Convention of 1978. The Director of Finance's certification relative to the limitation is reproduced in Part III of this report. Series BC, General Obligation Refunding Bonds of 1985, extinguished Series AR dated August 1, 1981 for $70.8 million. The objective of the State in effecting the extinguishing of the bonds was to reduce debt service payable by the State on its general obligation bonds.

The State's general obligation bonds have been rated Aa by Moody's Investors Service and AA by Standard and Poor's for a number of years.

The Hawaii Housing Authority issued Single Family Mortgage Purchase Revenue Bonds of $30.0 million, 1985 Series A, in July 1985, and $40.3 million, 1986 Series A, in May 1986. The Airports System issued $35.0 million of its Airports System Revenue Bonds, Series of 1986, in June 1986, the University of Hawaii issued $1.7 million of Revenue Bonds, Series F, in November 1985, and the Hawaii Community Development Authority issued $3.6 million of Improvement District Bonds, in May 1986. Information on the revenue bonds, for the last three fiscal years, is presented in the schedules contained in Part III of this report.

Cash Management

During fiscal 1986, the State earned $48.5 million for the General Fund by investing its temporary cash surpluses, a decrease of $4.6 million from the amount earned in the previous fiscal year. The fiscal 1986 earnings represent an average investment yield of 7.27%, down from the 9.09% of the previous fiscal year.

Capital Projects Funds

Proceeds of general obligation bonds issued are primarily accounted for in the Capital Projects Funds, which amounted to $145.1 million in fiscal 1986.

In accordance with the lapsing provisions of the various appropriations acts and laws relating to lapsing, capital improvement projects appropriations lapsed during fiscal 1986 in the amount of $61.2 million. Authorized but unissued general obligation bonds totaled $196.8 million at June 30, 1986.

Enterprise and Hawaii Housing Authority Funds

The retained earnings of the Enterprise Funds, comprised of the State's Airports and Harbors operations, increased from $233.2 million in fiscal 1985 to $272.7 million in fiscal 1986. Combined operating revenues increased from $118.7 million in fiscal 1985 to $128.7 million in fiscal 1986, and combined operating and depreciation expenses also increased from $78.8 million to $81.2 million between the respective periods. Outstanding bonds, net of the current portion, at June 30, 1986 totaled $520.8 million, an increase from $509.7 million at June 30, 1985.

The deficit of the Hawaii Housing Authority decreased from the restated amount of $14.7 million in fiscal 1985 to $7.1 million in fiscal 1986. In fiscal 1986, operating revenues totaled $78.5 million and operating expenses including depreciation totaled $93.6 million. Contributions by the U. S. Department of Housing and Urban Development and subsidies from other funds totaled $18.3 million in fiscal 1986, and outstanding revenue bonds totaled $464.5 million at June 30, 1986.

State Hospitals and University Funds

The combined fund balances of the thirteen State Hospitals increased from $78.5 million in fiscal 1985 to $86.9 million in fiscal 1986. Combined operating revenues increased from $72.5 million in fiscal 1985 to $79.6 million in fiscal 1986, and combined operating expenses including depreciation also increased from $83.4 million to $90.4 million between the respective periods. Combined non-operating revenues over expenses, consisting primarily of subsidies from other funds, decreased from $11.0 million in fiscal 1985 to $9.9 million in fiscal 1986.

The combined fund balances of the University Funds increased from $549.7 million in fiscal 1985 to $586.6 million in fiscal 1986. In fiscal 1986, combined revenues and other additions totaled $192.6 million, and combined expenses and other deductions totaled $343.2 million. These represent decreases and increases from fiscal 1985 of $209.1 million and $315.8 million, respectively. Combined subsidies from other funds totaled $187.5 million in fiscal 1986, an increase from $168.5 million in fiscal 1985. Outstanding bonds totaled $35.3 million at June 30, 1986 and $34.4 million at June 30, 1985.

General Fixed Assets

The general fixed assets of the State are those used in the performance of general governmental functions. They exclude the fixed assets of the Enterprise, Hawaii Housing Authority, State Hospitals and University Funds. As of June 30, 1986, the general fixed assets amounted to $1,512,526,589, based on information from the State's inventory records. Depreciation on general fixed assets is not recorded in the State's records.

Employees Union Contracts

The State Constitution grants public employees in Hawaii the right to organize for the purpose of collective bargaining. Each of the twelve recognized bargaining units, of which State employees are members, designates an employee organization as its exclusive representative in negotiations with the employer. All bargaining units have contractual agreements effective through June 30, 1987.

Independent Audit

Although State statutes do not require an annual audit of all fund types and account groups of the State, the State engaged a firm of independent certified public accountants to examine the State's general purpose financial statements for the fiscal year ended June 30, 1986. The Report of the Independent Certified Public Accountants has been included in Part II of this report.

Future Prospects

As of September 1986, the State's Council on Revenues has estimated General Fund tax revenues from all sources for fiscal 1987 to increase 7.9% from the actual General Fund tax revenues for fiscal 1986. Also, the General Fund Financial Plan prepared by the Department of Budget and Finance projected for fiscal 1987 total resources of $1,681.8 million, total obligations of $1,725.1 million and an unreserved General Fund balance of $93.7 million at June 30, 1987.

More detailed information immediately follows this transmittal letter:

Part II - The financial statements and notes relating to the State's various funds and account groups.

Part III - Statistical and other schedules.

It is my sincere hope that this report will serve as a helpful source of information for anyone having an interest in the financial operations of our State.

Respectfully submitted,

HIDEO MURAKAMI
Comptroller, State of Hawaii

PART II: FINANCIAL SECTION

PEAT MARWICK

Peat, Marwick, Mitchell & Co.
Certified Public Accountants
Financial Plaza Of The Pacific
P.O. Box 4150
Honolulu, Hawaii 96813

Comptroller
State of Hawaii
Honolulu, Hawaii

We have examined the general purpose financial statements of the State of Hawaii as of and for the fiscal year ended June 30, 1986 as listed in the accompanying table of contents under Part II: Financial Section. Except as stated in the following paragraph, our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of the following funds included under Proprietary Fund Types: Enterprise Funds, comprised of the Department of Transportation - Airports and Harbors Divisions; the Hawaii Housing Authority Fund; the State Hospitals Funds; and the University Bond System which statements reflect total assets, and revenues and other additions constituting 14% and 9%, respectively, of the University Funds. These statements were examined by other auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included for the Enterprise Funds, Hawaii Housing Authority Fund, State Hospitals Funds and the University Bond System is based solely upon the report of the other auditors.

Due to lack of centralized detailed historical fixed asset accounting records, it was not practicable to extend our auditing procedures to satisfy ourselves as to the General Fixed Assets Account Group balances totaling $1,512,526,589. Accordingly, we do not express an opinion on the financial statements of the General Fixed Assets Account Group which are included within the aforementioned general purpose financial statements. As more fully described in note 3 to the general purpose financial statements, certain land and buildings have been recorded in the balance sheet of the General Fixed Assets Account Group at valuation amounts. Generally accepted accounting principles require such assets be recorded at cost or estimated cost. The effect of reflecting such land and buildings in accordance with generally accepted accounting principles has not been determined. In addition, certain disclosures for the General Fixed Assets Account Group prescribed under generally accepted accounting principles with respect to construction-in-progress additions and deductions during 1986 have been omitted as such information is not available.

In our opinion, based upon our examination and reports of other auditors, and except that, as explained in the preceding paragraph, we do not express an opinion on the financial statements of the General Fixed Assets Account Group, the general purpose financial statements referred to above present fairly the financial position of the State of Hawaii at June 30, 1986 and the results of its operations and changes in financial position of its Proprietary Fund Types for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements described above, taken as a whole. The combining, individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Hawaii. The information contained therein has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, based upon our examination and reports of other auditors and except for the schedules of general fixed assets and changes in general fixed assets, on which we express no opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Honolulu, Hawaii
December 18, 1986

Peat, Marwick, Mitchell & Co.

STATE OF HAWAII

EXHIBIT A-1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1986

ASSETS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
CASH AND SHORT-TERM CASH INVESTMENTS	$ 255,676,516	$ 157,319,644	$ 24,803,315	$ 189,062,724
RECEIVABLES				
Taxes (note 5)	24,042,864	-	-	-
Accounts and accrued interest, net (note 5)	-	61,905	-	-
Notes and loans (note 5)	8,888,485	65,747,218	-	-
Claims - Federal grants	-	-	-	-
U. S. Department of Housing and Urban Development (HUD) (note 12)	-	-	-	-
Other	123,500	-	-	-
DUE FROM OTHER FUNDS	1,242,220	86,855	43,440	336,385
INVESTMENTS (note 6)	-	3,395,816	-	-
ADVANCES TO OTHER FUNDS	12,014,392	-	-	-
INVENTORY OF MATERIALS AND SUPPLIES	-	-	-	-
PREPAID EXPENSES	-	-	-	-
Total current assets				
OTHER ASSETS				
Assets held by agents for State Deferred Compensation Plan	-	-	-	-
Dwelling unit inventory (note 12)	-	-	-	-
Land held for future development	-	-	-	-
Restricted assets (notes 7 and 12)	-	-	-	-
Property, plant and equipment (notes 8, 10 and 12)	-	-	-	-
Unamortized bond and note issue costs	-	-	-	-
Loans for issued general obligation bonds (note 9)	-	-	245,214,665	-
Amount available in Debt Service Funds	-	-	-	-
Resources to be provided in future years for retirement of general long-term obligations	-	-	-	-
Other	154,675	25,152	-	-
TOTAL ASSETS	$ 302,142,652	$ 226,636,590	$ 270,061,420	$ 189,399,109

The accompanying notes are an integral part of the general purpose financial statements.

Proprietary Fund Types				Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Hawaii Housing Authority	State Hospitals	University	Trust and Agency	General Fixed Assets (note 3)	General Long-Term Obligations	
$ 113,129,233	$ 3,983,214	$ 13,814,712	$ 35,767,773	$ 341,490,460	$ -	$ -	$ 1,135,047,591
763,202	-	-	-	-	-	-	24,806,066
19,658,189	6,937,189	28,258,592	3,944,479	-	-	-	58,860,354
-	304,223,734	-	13,261,842	-	-	-	392,121,279
1,688,752	-	-	9,408,494	-	-	-	11,097,246
-	10,716,602	-	-	-	-	-	10,716,602
32,821	2,782,199	381,680	561,312	-	-	-	3,881,512
210,972	-	-	15,972,356	-	-	-	17,892,228
224,490	43,055,356	-	13,817,327	8,337,131	-	-	68,830,120
-	-	-	-	-	-	-	12,014,392
229,748	259,247	2,141,369	5,341,132	-	-	-	7,971,496
299,558	530,679	143,776	651,066	-	-	-	1,625,079
136,236,965		44,740,129					
-	-	-	-	34,713,187	-	-	34,713,187
-	6,517,478	-	-	-	-	-	6,517,478
-	22,288,345	-	-	-	-	-	22,288,345
237,698,079	206,344,538	444,375	-	-	-	-	444,486,992
700,743,419	133,761,681	91,690,050	566,625,591	-	1,512,526,589	-	3,005,347,330
4,763,937	9,534,668	-	-	-	-	-	14,298,605
-	-	-	-	-	-	-	245,214,665
-	-	-	-	-	-	162,185,345	162,185,345
-	-	-	-	-	-	1,575,586,541	1,575,586,541
-	2,578,534	-	-	-	-	-	2,758,361
$ 1,079,442,400	$ 753,513,464	$ 136,874,554	$ 665,351,372	$ 384,540,778	$ 1,512,526,589	$ 1,737,771,886	$ 7,258,260,814

STATE OF HAWAII

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
JUNE 30, 1986

LIABILITIES AND FUND EQUITY	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES				
Vouchers and contracts payable	$ 12,720,058	$ 5,173,557	$ -	$ 12,711,154
Other accrued liabilities	-	-	-	-
Prepaid airport use charge (note 16)	-	-	-	-
General obligation bonds payable, current portion (note 11)	-	-	-	-
Claims and judgments payable (note 14)	-	-	-	-
Due to employees under State Deferred Compensation Plan	-	-	-	-
Due to individuals, businesses and counties	-	-	-	-
Due to other funds	13,736,002	551,000	-	1,860,972
Advances from other funds	-	357,094	-	-
Advances from HUD and others	-	-	-	-
Total current liabilities				
Payable from restricted assets:				
Contracts payable, accrued interest and other (note 10)	-	-	-	-
Matured revenue bonds and interest coupons payable	-	-	-	-
General obligation bonds payable, current portion (note 11)	-	-	-	-
Revenue bonds (note 12)	-	-	-	-
Due to other funds	-	-	-	-
Matured bonds and interest payable	-	-	24,802,915	-
Notes, loans and installment contracts payable (notes 10 and 14)	-	-	-	-
Deferred revenue	24,042,863	-	-	-
Accrued vacation payable (note 14)	-	-	-	-
Liabilities collateralized by HUD annual contributions (note 12)	-	-	-	-
Revenue bonds payable (note 12)	-	-	-	-
General obligation bonds payable (notes 11 and 14)	-	-	-	-
Other	-	-	400	-
Total liabilities	50,498,923	6,081,651	24,803,315	14,572,126
FUND EQUITY (note 13)				
Investment in fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings - reserved	-	-	-	-
Retained earnings (deficit) - unreserved	-	-	-	-
Fund balances (deficit):				
Federal grants refundable	-	-	-	-
Reserved for continuing appropriations	93,629,956	67,333,288	43,440	434,202,184
Reserved for receivables and advances	21,026,377	65,809,123	-	-
Reserved for investments	-	3,395,816	-	-
Reserved for Federal aid highway projects encumbrances	-	-	-	46,989,286
Reserved for unemployment compensation and others	-	25,152	-	-
Reserved for bond redemption	-	-	162,141,905	-
Reserved for bond fund loans to Proprietary Fund Types	-	-	83,072,760	-
Unreserved	136,987,396	83,991,560	-	(306,364,487)
Total fund equity	251,643,729	220,554,939	245,258,105	174,826,983
Commitments and contingencies (notes 16 and 18)				
TOTAL LIABILITIES AND FUND EQUITY	$ 302,142,652	$ 226,636,590	$ 270,061,420	$ 189,399,109

Proprietary Fund Types				Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Hawaii Housing Authority	State Hospitals	University	Trust and Agency	General Fixed Assets (note 3)	General Long-Term Obligations	
$ 5,715,258	$ 228,528	$ 2,571,800	$ 7,788,634	$ 2,643,221	$ -	$ -	$ 49,552,210
4,953,220	28,721,490	35,751,824	17,613,406	-	-	-	87,039,940
15,986,804	-	-	-	-	-	-	15,986,804
3,824,691	-	-	-	-	-	-	3,824,691
-	-	-	-	-	-	5,900,000	5,900,000
-	-	-	-	34,713,187	-	-	34,713,187
-	-	-	-	150,968,833	-	-	150,968,833
10,000	-	-	1,286,359	86,855	-	-	17,531,188
-	-	11,657,298	-	-	-	-	12,014,392
-	4,968,464	-	3,596,039	-	-	-	8,564,503
30,489,973		49,980,922					
28,994,930	-	-	-	-	-	-	28,994,930
207,699	-	-	-	-	-	-	207,699
2,108,216	-	-	-	-	-	-	2,108,216
29,851,157	464,510,000	-	-	-	-	-	494,361,157
361,040	-	-	-	-	-	-	361,040
-	-	-	-	-	-	-	24,802,915
-	522,487	-	2,907,270	-	-	10,218,391	13,648,148
-	919,615	-	4,711,277	-	-	-	29,673,755
-	-	-	-	-	-	69,754,905	69,754,905
-	113,797,463	-	-	-	-	-	113,797,463
471,214,786	-	-	7,730,000	-	-	-	478,944,786
49,558,861	-	-	27,580,992	-	-	1,651,898,590	1,729,038,443
-	2,026,405	-	5,519,388	5,259,932	-	-	12,806,125
612,786,662	615,694,452	49,980,922	78,733,365	193,672,028	-	1,737,771,886	3,384,595,330
-	-	-	535,407,265	-	1,512,526,589	-	2,047,933,854
193,948,945	144,880,149	-	-	-	-	-	338,829,094
62,498,228	-	-	-	-	-	-	62,498,228
210,208,565	(7,061,137)	-	-	-	-	-	203,147,428
-	-	-	9,434,584	-	-	-	9,434,584
-	-	-	-	-	-	-	595,208,868
-	-	-	-	-	-	-	86,835,500
-	-	-	-	-	-	-	3,395,816
-	-	-	-	-	-	-	46,989,286
-	-	444,375	24,076,110	190,868,750	-	-	215,414,387
-	-	-	-	-	-	-	162,141,905
-	-	-	-	-	-	-	83,072,760
-	-	86,449,257	17,700,048	-	-	-	18,763,774
466,655,738	137,819,012	86,893,632	586,618,007	190,868,750	1,512,526,589	-	3,873,665,484
$ 1,079,442,400	$ 753,513,464	$ 136,874,554	$ 665,351,372	$ 384,540,778	$ 1,512,526,589	$ 1,737,771,886	$ 7,258,260,814

STATE OF HAWAII

EXHIBIT A-2

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES (DEFICIT) -
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Governmental Fund Types				Fiduciary Fund Types	Total
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
REVENUES						
Taxes	$ 1,408,459,946	$ 68,023,611	$ -	$ -	$ 66,951,310	$ 1,543,434,867
Interest and investment income	49,723,402	10,124,501	-	-	16,773,807	76,621,710
Charges for current services	54,855,865	43,510,651	-	-	790,449	99,156,965
Intergovernmental	10,293,678	304,804,242	-	-	3,546,251	318,644,171
Rentals	4,801,965	5,760,303	-	-	-	10,562,268
Fines, forfeits and penalties	11,882,008	1,347,163	-	-	-	13,229,171
Licenses and fees	3,518,504	236,251	-	-	-	3,754,755
Donations, contributions and deposits	-	-	-	-	6,644,243	6,644,243
Contribution from agencies participating in debt service requirements	-	-	40,363,112	-	-	40,363,112
Revenues from private sources	1,951,626	854,727	-	-	-	2,806,353
Other	19,446,743	10,104,529	-	-	38,867	29,590,139
Total revenues	1,564,933,737	444,765,978	40,363,112	-	94,744,927	2,144,807,754
OTHER FINANCING SOURCES						
Proceeds from general obligation bonds and refunding bonds	-	-	74,900,000	145,062,912	-	219,962,912
Contributions from property owners	-	-	-	3,600,000	-	3,600,000
Operating transfers in from other funds	40,363,112	6,439,624	243,979,760	41,036,732	-	331,819,228
Total other financing sources	40,363,112	6,439,624	318,879,760	189,699,644	-	555,382,140
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 1,605,296,849	$ 451,205,602	$ 359,242,872	$ 189,699,644	$ 94,744,927	$ 2,700,189,894

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES (DEFICIT) -
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Governmental Fund Types				Fiduciary Fund Types	Total
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
EXPENDITURES						
Current:						
General government	$ 155,118,840	$ 5,536,159	$ -	$ -	$ -	$ 160,654,999
Public safety	63,493,194	27,331,602	-	-	-	90,824,796
Highways	-	61,314,963	-	-	-	61,314,963
Conservation of natural resources	16,506,539	4,907,611	-	-	-	21,414,150
Health	88,427,304	17,417,836	-	-	-	105,845,140
Welfare	173,473,477	148,287,619	-	-	-	321,761,096
Lower education	395,916,120	57,233,356	-	-	-	453,149,476
Other education	5,987,436	3,704,014	-	-	-	9,691,450
Culture and recreation	20,798,395	9,406,125	-	-	-	30,204,520
Urban redevelopment and housing	21,542	7,061,347	-	-	-	7,082,889
Economic development and assistance	26,625,745	19,882,085	-	-	-	46,507,830
Intergovernmental	18,173,045	-	-	-	-	18,173,045
Social security and pension contributions	142,072,308	-	-	-	-	142,072,308
Expendable Trust Funds	-	-	-	-	67,106,714	67,106,714
Other	6,551,731	13,078,550	-	-	-	19,630,281
Capital outlay	-	-	-	178,387,094	-	178,387,094
Debt service	-	-	234,239,504	-	-	234,239,504
Total expenditures	1,113,165,676	375,161,267	234,239,504	178,387,094	67,106,714	1,968,060,255
OTHER FINANCING USES						
Payment to trustee for bond redemption	-	-	84,626,965	-	-	84,626,965
Operating transfers out to other funds	444,681,328	41,432,670	45,754,383	850,035	-	532,718,416
Total other financing uses	444,681,328	41,432,670	130,381,348	850,035	-	617,345,381
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,557,847,004	416,593,937	364,620,852	179,237,129	67,106,714	2,585,405,636
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 47,449,845	$ 34,611,665	$ (5,377,980)	$ 10,462,515	$ 27,638,213	$ 114,784,258

STATE OF HAWAII

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES (DEFICIT) -
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Governmental Fund Types				Fiduciary Fund Types	Total
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 47,449,845	$ 34,611,665	$ (5,377,980)	$ 10,462,515	$ 27,638,213	$ 114,784,258
OTHER CHANGES IN UNRESERVED FUND BALANCES						
Continuing appropriations, July 1, 1985	53,706,027	43,714,128	30,149	440,494,676	-	537,944,980
Less continuing appropriations, June 30, 1986	93,629,956	67,333,288	43,440	434,202,184	-	595,208,868
Decrease (increase) in reserve for continuing appropriations	(39,923,929)	(23,619,160)	(13,291)	6,292,492	-	(57,263,888)
Decrease (increase) in reserve for Federal aid highway projects encumbrances, unemployment compensation, bond redemption and others	-	-	5,391,271	10,626,729	(27,638,213)	(11,620,213)
TOTAL OTHER CHANGES IN UNRESERVED FUND BALANCES	(39,923,929)	(23,619,160)	5,377,980	16,919,221	(27,638,213)	(68,884,101)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES AND OTHER CHANGES IN UNRESERVED FUND BALANCES	7,525,916	10,992,505	-	27,381,736	-	45,900,157
UNRESERVED FUND BALANCES (DEFICIT), JULY 1, 1985	129,461,480	72,999,055	-	(333,746,223)	-	(131,285,688)
UNRESERVED FUND BALANCES (DEFICIT), JUNE 30, 1986	$ 136,987,396	$ 83,991,560	$ -	$ (306,364,487)	$ -	$ (85,385,531)

STATE OF HAWAII

EXHIBIT A-3

COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUNDS (Note 4)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	General Fund			Special Revenue Funds		
	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)
REVENUES						
Taxes	$ 1,391,321,000	$ 1,408,459,946	$ 17,138,946	$ 55,736,000	$ 68,023,611	$ 12,287,611
Interest and investment income	47,853,784	49,723,402	1,869,618	7,039,180	10,124,501	3,085,321
Charges for current services	52,130,197	54,855,865	2,725,668	31,140,928	43,510,651	12,369,723
Intergovernmental	9,280,289	10,293,678	1,013,389	359,962,241	304,804,242	(55,157,999)
Rentals	4,969,317	4,801,965	(167,352)	3,336,385	5,760,303	2,423,918
Fines, forfeits and penalties	124,880	11,882,008	11,757,128	385,300	1,347,163	961,863
Licenses and fees	3,746,655	3,518,504	(228,151)	312,000	236,251	(75,749)
Revenues from private sources	831,015	1,951,626	1,120,611	39,000	854,727	815,727
Other	12,013,767	19,446,743	7,432,976	5,736,000	10,104,529	4,368,529
Total revenues	1,522,270,904	1,564,933,737	42,662,833	463,687,034	444,765,978	(18,921,056)
OTHER FINANCING SOURCES						
Operating transfers in from other funds	42,033,433	40,363,112	(1,670,321)	-	6,439,624	6,439,624
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 1,564,304,337	$ 1,605,296,849	$ 40,992,512	$ 463,687,034	$ 451,205,602	$ (12,481,432)

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS (Note 4)(Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	General Fund			Special Revenue Funds		
	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)
EXPENDITURES						
Current:						
General government	$ 200,625,376	$ 157,805,722	$ 42,819,654	$ 13,690,103	$ 3,051,479	$ 10,638,624
Public safety	65,796,535	66,132,180	(335,645)	26,899,375	22,900,538	3,998,837
Highways	-	-	-	66,409,918	62,958,544	3,451,374
Conservation of natural resources	16,881,302	16,750,118	131,184	3,893,768	2,979,628	914,140
Health	91,377,351	88,817,821	2,559,530	20,973,320	17,056,598	3,916,722
Welfare	200,716,656	186,072,920	14,643,736	173,389,330	151,456,594	21,932,736
Lower education	404,729,918	416,470,032	(11,740,114)	57,989,135	55,665,772	2,323,363
Other education	6,174,195	6,363,229	(189,034)	3,370,580	3,822,875	(452,295)
Culture and recreation	21,373,989	21,330,987	43,002	9,964,990	7,913,607	2,051,383
Urban redevelopment and housing	-	45,701	(45,701)	-	-	-
Economic development and assistance	29,010,329	28,828,128	182,201	22,282,465	18,028,509	4,253,956
Intergovernmental	19,447,551	18,173,045	1,274,506	-	-	-
Social security and pension contributions	140,163,430	142,088,516	(1,925,086)	-	-	-
Other	7,683,778	7,631,472	52,306	12,165,403	10,006,393	2,159,010
Total expenditures	1,203,980,410	1,156,509,871	47,470,539	411,028,387	355,840,537	55,187,850
OTHER FINANCING USES						
Operating transfers out to other funds	442,288,170	444,991,600	(2,703,430)	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,646,268,580	1,601,501,471	44,767,109	411,028,387	355,840,537	55,187,850
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (81,964,243)	$ 3,795,378	$ 85,759,621	$ 52,658,647	$ 95,365,065	$ 42,706,418

STATE OF HAWAII

EXHIBIT A-4

COMBINED STATEMENT OF REVENUES AND EXPENSES -
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

OPERATING REVENUES	
Concession fees	$ 70,744,463
Airport use charge	14,173,522
Rentals	22,639,050
Aviation fuel tax	5,936,654
Services and others	15,220,090
Total operating revenues	128,713,779
OPERATING EXPENSES	
Personal services	31,643,472
Depreciation	18,492,033
Repairs and maintenance	8,467,695
State of Hawaii surcharge for central services expenses	4,330,180
Department of Transportation administrative expenses	2,203,680
Airports operations	11,793,565
Harbors operations	1,258,897
Fireboat operations	923,615
General administration	1,274,286
Other	789,622
Total operating expenses	81,177,045
Operating income	47,536,734
NONOPERATING REVENUES (EXPENSES)	
Interest income	23,271,738
Interest expense:	
Revenue bonds	(31,492,098)
General obligation bonds	(2,943,249)
Amortization of bond discount and note issue costs	(77,901)
Other	(37,946)
Total nonoperating expenses over revenues	(11,279,456)
NET INCOME FOR THE FISCAL YEAR	$ 36,257,278

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

EXHIBIT A-5

COMBINED STATEMENT OF CHANGES IN FUND EQUITY - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Contributed Capital	Retained Earnings	Total Fund Equity
BALANCE, JULY 1, 1985	$ 187,398,369	$ 233,175,645	$ 420,574,014
Net income for the fiscal year	-	36,257,278	36,257,278
Transfer of depreciation	(3,256,058)	3,256,058	-
Decrease in valuation allowance on investments in revenue bonds reserve account	-	17,812	17,812
Airport lessees	(2,256,854)	-	(2,256,854)
Federal and State grants	12,063,488	-	12,063,488
BALANCE, JUNE 30, 1986	$ 193,948,945	$ 272,706,793	$ 466,655,738

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

EXHIBIT A-6

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

SOURCES OF WORKING CAPITAL	
Operations:	
Net income for the fiscal year	$ 36,257,278
Items not requiring use of (providing) working capital:	
Depreciation	18,492,033
Amortization of bond discount and bond issue costs	462,490
Loss on disposal of facilities	174,284
Earnings on investment in direct financing leases and other	(116,576)
Working capital provided from operations	55,269,509
Contributed capital - Federal and State grants	12,063,488
Revenue bond proceeds	35,000,000
General obligation bond proceeds	2,206,832
Net decrease in restricted assets	652,991
Net increase in liabilities payable from restricted assets	845,775
Other	162,494
Total sources of working capital	106,201,089
USES OF WORKING CAPITAL	
Acquisition of property, plant and equipment	70,658,143
Redemptions and current maturities of long-term debt	18,396,953
Net increase in restricted assets	3,561,881
Increase in bond issue cost	1,071,272
Decrease in contributed capital - airport lessees	2,256,854
Total uses of working capital	95,945,103
NET INCREASE IN WORKING CAPITAL	$ 10,255,986
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL	
Current assets:	
Cash and short-term cash investments	14,458,692
Receivables	7,423,898
Investments	(992,620)
Inventory of materials and supplies	36,607
Prepaid expenses	172,936
Current liabilities:	
Vouchers and contracts payable	693,078
Other accrued liabilities	(372,794)
Prepaid airport use charge	(11,179,918)
General obligation bonds payable, current portion	16,107
NET INCREASE IN WORKING CAPITAL	$ 10,255,986

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

EXHIBIT A-7

COMBINED STATEMENT OF REVENUES AND EXPENSES - HAWAII HOUSING AUTHORITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

OPERATING REVENUES	
Interest	$ 52,970,076
Sales of dwelling units	6,552,984
Rental	14,027,348
Commitment fees	639,743
Other	4,290,466
Total operating revenues	78,480,617
OPERATING EXPENSES	
Interest	54,879,707
Cost of sales - dwelling units	5,050,476
Personnel services	2,794,269
Repairs and maintenance	3,646,413
Depreciation	5,938,884
Utilities	4,588,399
Professional services	174,436
Loan servicing fee	926,392
Administration	2,633,786
Housing assistance payments	8,065,211
Amortization of bond issue costs	489,024
Other	4,455,061
Total operating expenses	93,642,058
Operating loss	(15,161,441)
NONOPERATING REVENUES	
HUD annual contributions	17,183,511
Operating transfers in from other funds	1,097,906
Total nonoperating revenues	18,281,417
Income before extraordinary item	3,119,976
EXTRAORDINARY ITEM - loss from early redemption of revenue bonds payable (note 20)	(1,330,225)
NET INCOME FOR THE FISCAL YEAR	$ 1,789,751

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII EXHIBIT A-8

COMBINED STATEMENT OF CHANGES IN FUND EQUITY - HAWAII HOUSING AUTHORITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Contributed Capital	Accumulated Deficit	Total Fund Equity
BALANCE (DEFICIT), JULY 1, 1985, AS PREVIOUSLY REPORTED	$ 144,194,886	$ (15,497,719)	$ 128,697,167
Adjustment - Hawaii Housing Authority Special Assistance Fund (note 19)	-	790,650	790,650
BALANCE (DEFICIT), JULY 1, 1985, AS RESTATED	144,194,886	(14,707,069)	129,487,817
Net income for the fiscal year	-	1,789,751	1,789,751
HUD annual contributions	4,519,936	-	4,519,936
State and other grants	2,021,508	-	2,021,508
Transfer of depreciation	(5,856,181)	5,856,181	-
BALANCE (DEFICIT), JUNE 30, 1986	$ 144,880,149	$ (7,061,137)	$ 137,819,012

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

EXHIBIT A-9

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION -
HAWAII HOUSING AUTHORITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

SOURCES OF CASH	
Cash provided from operations:	
Income before extraordinary item	$ 3,119,976
Items not requiring use of (providing) cash:	
Depreciation	5,938,884
Amortization	489,024
Increase in accrued interest payable	2,058,261
Decrease in accrued interest receivable	3,558,104
Decrease in deferred commitment fees	(372,558)
Cash provided from operations before extraordinary item	14,791,691
Extraordinary item:	
Loss from early redemption of revenue bonds payable	(1,330,225)
Add noncash amount related to write-off of deferred bond issue costs	1,330,225
Cash provided from operations	14,791,691
Disposal of property, plant and equipment, net	292,620
Repayment of notes and loans receivable	21,936,774
Additions to deferred commitment fees	318,000
Increase in contributed capital	6,541,444
Proceeds from sale of revenue bonds	106,100,000
Decrease in investments	6,747,844
Additions to HUD secured liabilities	4,989,397
Decrease in cash held by trustee	82,899
Decrease in other assets	125,323
Total sources of cash	161,925,992
USES OF CASH	
Increase in assets held by trustee	15,779,619
Increase in notes and loans receivable	72,469,657
Additions to property, plant and equipment	6,129,856
Redemption of revenue bonds	49,910,000
Increase in deferred bond issue costs	2,087,741
Increase in HUD annual contributions receivable	3,551,493
Payments of liabilities collateralized by HUD annual contributions	6,203,251
Increase in dwelling unit inventory	2,064,947
Increase in land held for future development	12,685
Decrease in security deposits	53,899
Increase in advances due from lessees	369,737
Decreases in other liabilities	3,475,548
Total uses of cash	162,108,433
Net decrease in cash	(182,441)
CASH BALANCE, JULY 1, 1985	4,165,655
CASH BALANCE, JUNE 30, 1986	$ 3,983,214

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

EXHIBIT A-10

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES -
STATE HOSPITALS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

OPERATING REVENUES	
Patients service revenue	$ 90,994,446
Contractual and other allowances, and adjustments	(12,739,833)
Net revenue from services to patients	78,254,613
Other operating revenues	1,374,518
Total operating revenues	79,629,131
OPERATING EXPENSES	
Nursing services	28,021,164
Other professional services	18,008,228
General services	16,214,765
Fiscal and administrative	22,801,278
Other services	115,232
Depreciation	5,119,216
Other	73,210
Total operating expenses	90,353,093
Loss from operations	(10,723,962)
NONOPERATING REVENUES (EXPENSES)	
Operating transfers in from other funds	11,079,254
Advances due to other State funds	(2,009,514)
Donations and grants	223,902
Other	633,814
Total nonoperating revenues over expenses	9,927,456
EXCESS OF EXPENSES OVER REVENUES (NET)	(796,506)
UNRESTRICTED FUND	
Building improvements from other State agencies	7,720,693
Transfers in from other State funds	1,245,973
Transfers from restricted funds	2,517,021
Transfers to restricted funds	(59,772)
Net transfer of equipment from State and other	169,790
Net increase in unrestricted fund	10,797,199
RESTRICTED FUNDS	
Restricted gifts and bequests	18,215
Specific purpose fund disbursements (net)	(8,401)
Transfers from unrestricted fund	59,772
Transfers to unrestricted fund	(2,517,021)
Net decrease in restricted funds	(2,447,435)
Net increase in unrestricted and restricted funds	8,349,764
FUND BALANCES, JULY 1, 1985	78,543,868
FUND BALANCES, JUNE 30, 1986	$ 86,893,632

The accompanying notes are an integral part of the general purpose financial statements.

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION -
UNRESTRICTED STATE HOSPITALS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

SOURCES OF WORKING CAPITAL	
Operations:	
Excess of expenses over revenues (net)	$ (796,506)
Items not requiring use of (providing) working capital:	
Depreciation	5,119,216
Other	(226,194)
Working capital provided from operations	4,096,516
Transfers in from other State funds	1,245,973
Transfers from restricted funds	2,517,021
Disposal of property, plant and equipment	11,987
Net transfer of equipment from State and other	169,790
Total sources of working capital	8,041,287
USES OF WORKING CAPITAL	
Additions to property, plant and equipment	6,238,677
Transfers to restricted funds	59,772
Total uses of working capital	6,298,449
NET INCREASE IN WORKING CAPITAL	$ 1,742,838
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL	
Current assets:	
Cash	4,079,514
Accounts receivable	2,879,600
Other receivables	333,765
Inventories	169,359
Prepaid expenses and deposits	(335,123)
Current liabilities:	
Accounts payable	1,829,693
Accrued vacation payable	(222,237)
Other accrued liabilities	(5,719,129)
Custodial funds and deposits	(13,090)
Advances from General Fund	(1,259,514)
NET INCREASE IN WORKING CAPITAL	$ 1,742,838

The accompanying notes are an integral part of the general purpose financial statements.

STATE OF HAWAII

EXHIBIT A-12

COMBINED STATEMENT OF REVE'JES, EXPENDITURES,
OPERATING TRANSFERS AND CHANGES IN FUND BALANCES - UNIVERSITY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

REVENUES AND OTHER ADDITIONS	
Educational and general revenues:	
Tuition and fees	$ 8,382,490
Federal appropriations, grants and contracts	61,870,266
Indirect State support	39,300,220
State and local grants and contracts	3,694,261
Private gifts, grants and contracts	5,716,440
Sales and services	4,338,908
Endowment income and others	1,502,385
Auxiliary enterprises revenues	30,133,091
Investment income	1,512,967
Proceeds from revenue bonds	1,650,000
Expended for plant facilities	17,883,083
Contributions for plant facilities	12,759,667
Contributions for debt retirement	3,826,993
Other	49,276
Total revenues and other additions	192,620,047
EXPENDITURES AND OTHER DEDUCTIONS	
Educational and general expenditures:	
Instruction	117,416,749
Research	66,448,291
Public service	19,084,315
Academic support	31,843,501
Student services	15,840,225
Institutional support	22,038,290
Operation and maintenance of plant	23,696,276
Scholarship and fellowship	6,822,115
Auxiliary enterprises expenditures	27,577,295
Independent operation expenditures	1,799,484
Expenditures for plant facilities	3,648,324
Loan cancellations, write-offs and allowance for uncollectible loans	1,316,414
Debt retirement and interest	2,778,226
Assumption of indebtedness	1,650,000
Disposal of plant facilities	1,018,698
Other	191,499
Total expenditures and other deductions	343,169,702
EXCESS OF EXPENDITURES AND OTHER DEDUCTIONS OVER REVENUES AND OTHER ADDITIONS	(150,549,655)
OPERATING TRANSFERS	
Operating transfers in from other funds	187,476,055
Net increase in fund balances	36,926,400
FUND BALANCES, JULY 1, 1985	549,691,607
FUND BALANCES, JUNE 30, 1986	$ 586,618,007

The accompanying notes are an integral part of the general purpose financial statements.

1. Financial Statement Presentation

General:

The accompanying general purpose financial statements of the State of Hawaii (State) present the financial position of the various fund types and account groups, the results of operations of the various fund types and the changes in financial position of the Proprietary Fund Types as of and for the fiscal year ended June 30, 1986.

Definition of Reporting Entity:

The State has defined its reporting entity in accordance with National Council on Governmental Accounting (NCGA) Statement 3, as adopted by the Governmental Accounting Standards Board (GASB), "Defining the Governmental Reporting Entity." This statement provides guidance for determining which governmental activities, organizations and functions should be included in the reporting entity and how information about them should be presented. NCGA Statement 3 sets forth the exercise of oversight responsibility of a government's elected officials as the basic criterion for inclusion of a governmental unit in a governmental reporting entity.

The State's general purpose financial statements do not reflect the financial position and results of operations of the Employees' Retirement System of the State of Hawaii (ERS) because oversight responsibility is held by the ERS Board of Trustees. The Board administers the ERS on behalf of public employees for both the State and county governments.

Fund Accounting:

The financial activities are recorded in individual funds classified by type and described below, each of which is deemed to be a separate accounting entity. The financial position and operations of each fund are accounted for in separate self-balancing accounts which represent the fund's assets, liabilities, equity, revenues and expenditures or expenses.

Account groups are used to establish accounting control and accountability for the State's general fixed assets and general long-term obligations. Account groups are not funds as they do not reflect available financial resources and related liabilities.

GOVERNMENTAL FUND TYPES

General Fund

Financial resources obtained and used for services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in the General Fund.

Special Revenue Funds

Financial resources obtained from specific revenue sources and used for restricted purposes are accounted for in Special Revenue Funds.

Debt Service Funds

Financial resources obtained and used for the payment of interest and principal on general long-term bond obligations are accounted for in the Debt Service Funds.

Capital Projects Funds

Substantially all financial resources obtained and used for the acquisition or construction of State general fixed assets and facilities are reflected in the Capital Projects Funds. Such resources are derived principally from proceeds of general obligation bond issues, Federal grants and operating transfers from the Special Revenue Funds.

PROPRIETARY FUND TYPES

Enterprise Funds are comprised of:

- Department of Transportation - Airports Division (Airports) which operates the State airports and air navigation facilities and is responsible for general supervision of aeronautics within the State.
- Department of Transportation - Harbors Division (Harbors) which operates the State commercial harbors.

Hawaii Housing Authority Fund

Hawaii Housing Authority (HHA) provides dwelling units for low- and moderate-income residents of the State.

State Hospitals Funds

State Hospitals Funds (State Hospitals) account for the operations of the State hospitals and are comprised of the following:

- Hilo Hospital (Hilo)
- Honokaa Hospital
- Ka'u Hospital
- Kauai Veterans Memorial Hospital
- Kohala Hospital
- Kona Hospital
- Kula Hospital
- Lanai Community Hospital
- Leahi Hospital
- Samuel Mahelona Memorial Hospital
- Maluhia Hospital
- Maui Memorial Hospital and Hana Medical Center (Maui Memorial)

The financial statements of the State Hospitals have been prepared in accordance with the American Institute of Certified Public Accountants (AICPA) Industry Audit Guide - Hospital Audit Guide.

University Funds

Financial activities of State higher education institutions are accounted for in the University Funds (University). The financial statements of the University have been prepared in accordance with the AICPA Industry Audit Guide - Audits of Colleges and Universities.

FIDUCIARY FUND TYPES

Trust and Agency Funds

Transactions related to assets held by the State in a trustee or agency capacity are accounted for in Fiduciary Fund Types. Fiduciary Fund Types are comprised of:

- Expendable Trust Funds which account for assets held in trust to be expended for designated purposes.
- Agency Funds which account for employee benefit receipts and payments to the Hawaii Public Employees Health Fund and the clearance accounts for State payroll and tax collections which include protested tax payments.

ACCOUNT GROUPS

General Fixed Assets Account Group

General Fixed Assets Account Group is used to account for all general fixed assets of the State other than those accounted for in the Proprietary Fund Types.

General Long-Term Obligations Account Group

General Long-Term Obligations Account Group is used to account for the unmatured long-term general obligation bonds excluding those accounted for in Proprietary Fund Types. Certain notes payable, installment obligations and accrued vacation payable for governmental fund types are reflected in the General Long-Term Obligations Account Group.

2. Summary of Significant Accounting Policies

ALL FUNDS

Deferred Compensation Plan:

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State, subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the State's legal counsel that the State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

In accordance with GASB Statement 2, "Financial Reporting of Deferred Compensation Plans Adopted Under the Provisions of Internal Revenue Code Section 457," the assets of the deferred compensation plan have been reclassified from the General Fund to the Trust and Agency Funds in the current fiscal year. There was no financial impact on the beginning fund balance of both funds.

Federal Grants:

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenue when available and entitlement occurs. All other Federal reimbursement type grants are recorded as intergovernmental receivables and revenues when the related expenditures, or expenses, are incurred.

Intrafund and Interfund Transactions:

Transfers of financial resources between departments and activities included within the same fund are offset within that fund. Transfers from funds receiving revenues to funds through which the resources are to be expended are recorded as operating transfers.

Total Columns on General Purpose Financial Statements:

Total columns on the accompanying general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not purport to present financial position, results of operations, or changes in financial position of the State in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation.

GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST AND AGENCY FUNDS

Basis of Accounting:

The State uses the modified accrual basis of accounting for the General, Special Revenue, Debt Service, Capital Projects, and Expendable Trust and Agency Funds. Revenues are recognized when they become measurable and available to finance operations during the fiscal year or liquidate liabilities at the end of the fiscal year. Certain self-assessed taxes, primarily the public service company tax, are recognized as receivables and deferred revenue when the tax returns are filed. Revenues which are not considered susceptible to accrual and therefore are not accrued include fines, forfeits and penalties, licenses, permits and franchises. Expenditures are generally recorded on the accrual basis of accounting when the related fund liability is incurred except for (1) interest on long-term obligations, which is recognized when payment is due, and (2) loans to foster economic growth and development, agriculture, and for housing for native Hawaiians, which are charged to expenditures when issued and repayments of which are recorded as revenues when received.

Investments:

Investments are carried at amortized cost.

Inventories of Materials and Supplies:

Inventories of materials and supplies are recorded as expenditures when purchased.

Assets Held by Agents for the State Deferred Compensation Plan:

Assets held by agents for the State Deferred Compensation Plan are carried at market value.

Accumulated Vacation and Sick Leave:

State employees' accumulated vacation is expected to be liquidated with future expendable resources and is accrued in the General Long-Term Obligations Account Group. Sick leave is not convertible to pay upon termination of employment and is recorded as expenditures when taken.

Fund Balances:

Portions of fund balances are reserved for the following:

- Continuing appropriations which include specific legislative appropriations which do not lapse at the end of the fiscal year and encumbrances. Encumbrances are recorded obligations in the form of purchase orders, contracts, or salary commitments. The State records commitments as encumbrances at the time purchase orders or contracts are awarded and executed.
- Notes receivables, advances and investments which are not currently available for expenditure at the balance sheet date.

- Federal aid highway projects encumbrances.
- Bond redemption.
- Expendable trust fund balances which are restricted to the purpose of the account.

PROPRIETARY FUND TYPES

Basis of Accounting:

The accounts of the Proprietary Fund Types are reported under the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recorded when they are incurred.

Investments:

Investments in U. S. Treasury bonds, notes and bills, corporate bonds and other short-term investments are stated at amortized cost. Investment in corporate stocks are stated at cost. Contributed investments are recorded at fair market value when received.

Property, Plant and Equipment:

Property, plant and equipment acquired by purchase or construction is recorded at cost. Contributed property is recorded at fair market value at date of receipt. Depreciation on State hospital facilities is provided on the straight-line basis over estimated useful lives of 5 to 50 years for buildings and other improvements and 5 to 40 years for machinery and equipment. Airport facilities are depreciated on the straight-line basis over estimated useful lives of 20 to 45 years for land improvements, buildings and improvements and 10 years for machinery and equipment. Depreciation on Harbor facilities is provided on the straight-line basis over estimated useful lives using composite rates of 1% to 20% for land improvements, buildings and improvements and wharves and 8% for machinery and equipment. Depreciation on Harbor facilities is not provided for in the year of acquisition, but is provided for the entire year in the year of disposal. Depreciation is provided by HHA on its property and equipment on the straight-line basis over estimated useful lives of 10 to 40 years for buildings and improvements and 3 to 10 years for equipment. Consistent with generally accepted accounting principles for colleges and universities, no depreciation is provided for on University assets.

Maintenance, repairs, minor replacements, renewals and betterments are charged to operations; major renewals, replacements and betterments are capitalized. Disposal of assets are recorded by removing the cost and related accumulated depreciation from the accounts with the resulting gain or loss reflected in operations.

Depreciation on property acquired through grants is included in depreciation expense presented in the Statement of Revenues and Expenditures and is transferred to the contributed capital account. Transfer of depreciation on HHA assets acquired or constructed from U. S. Department of Housing and Urban Development (HUD) annual contributions, is limited to the lesser of the depreciation expense or HUD annual contributions received for the payment of debt principal.

Bond and Note Issue Costs:

Costs related to the issuance of bonds and notes are amortized by the straight-line method over the term of the obligations.

Enterprise Funds:

Unamortized Bond Discount -

Bond discount is amortized using the effective interest method over the term of the related debt. The unamortized balance is offset against the related long-term debt.

Interest Cost -

Total interest cost incurred for the fiscal year ended June 30, 1986 amounted to $9,147,433 of which $627,258 was capitalized as part of the acquisition cost of facilities.

Hawaii Housing Authority Fund:

Dwelling Unit Inventory and Land Held for Future Development -

The dwelling unit inventory includes dwelling units available for sale, repurchased units available for sale, and real estate owned and acquired through foreclosure. Land held for future development includes development in progress. Dwelling unit inventory and land held for future development are stated at the lower of cost or market.

HUD Annual Contributions -

HHA receives annual contributions and subsidies from HUD for operating the housing assistance payment programs and the development and operation of low-income housing projects. HUD provides the annual debt service contributions with which to meet interest and principal payments on notes and bonds. The debt service contribution related to principal and interest are recognized as contributed capital and nonoperating revenues, respectively. HHA also receives annual subsidies from HUD for housing assistance payments and operating deficits incurred in the operation of the programs. Annual subsidies are recognized as nonoperating revenues upon notification of approval from HUD and are accounted for in HUD annual contributions.

Profit Recognition on Dwelling Unit Sales -

Revenues and profit from sales of dwelling units are recognized when the amount of revenue is measurable; that is, collectibility of the sales price is reasonably assured and the earnings process is complete.

Commitment Fees -

Commitment fees collected in connection with the Single Family Mortgage Purchase programs are deferred and recognized as revenue at the earlier of the funding of the commitment or its expiration.

Restricted Assets Investments -

The Mortgage Revenue Bond Fund indentures authorize the trustee to invest monies in certificates of deposit, money market funds and investment securities, including U. S. Government and agency obligations, certain municipal bonds and repurchase agreements. Uninsured certificates of deposit are required to be collateralized by investment securities of an equal or greater market value. The underlying securities for repurchase agreements are required to be U. S. Government or agency obligations of an equal or greater market value registered in the name of the trustee upon the books of the Federal Reserve Bank.

State Hospitals Funds:

Operations -

The State Department of Health administers the operations and maintenance of the County/State Hospitals system and establishes the rates for services. The State Legislature appropriates funds for the differences between the Hospital's receipts and expenditures and for capital improvement projects. Section 248 of Act 300, Session Laws of 1985 provides for the reduction in General Fund appropriation to the extent Special Funds receipts exceed Special Funds appropriations.

Medicare and Medicaid Reimbursements -

Revenues from services reimbursed under Medicare and Medicaid programs are recorded at the estimated reimbursable amounts. Final determination of the amounts earned is subject to review by the fiscal intermediary or a peer review organization. In the opinion of management, adequate provision has been made for any adjustments that may result from such reviews.

University Funds:

Fund Accounting -

The financial activities of the University of Hawaii are recorded in funds which classify the various transactions by specified activities or objectives. Fund balances of such funds are reported as reserved for University of Hawaii programs and University of Hawaii loan, endowment and plant funds.

Tuition and fees of the University's fall and spring semesters and certain other receipts aggregating $25,600,000 in 1986 are deposited in the General Fund of the State in accordance with Act 184, Session Laws of 1961 and other acts. Restricted gifts, grants, endowment income and other restricted resources are accounted for in restricted current funds, loan funds, endowment funds and plant funds. Revenues and expenditures reported in the restricted current fund are designated for specific current operating purposes. Transactions related to the various student loan programs are accounted for in the loan funds. Resources restricted for the acquisition and investment in property, plant and equipment are accounted for in the plant funds.

Endowment funds are subject to the donor restrictions requiring the principal to be invested in perpetuity with only income to be utilized.

ACCOUNT GROUPS

General Fixed Assets:

General fixed assets are recorded at cost. Certain assets for which cost is not determinable have been recorded at 1974 and 1981 real property tax assessed values. Contributed fixed assets are recorded at fair market value at the date of donation. Infrastructure assets consisting principally of highways, roads and bridges are not capitalized. Depreciation is not provided on general fixed assets.

3. Departures From Generally Accepted Accounting Principles

Due to a lack of detailed centralized historical cost information, the State has recorded certain land and buildings at 1974 and 1981 real property tax assessed values. Generally accepted accounting principles provide for purchased fixed assets to be recorded at actual cost, if cost is not determinable, at estimated cost, and for donated fixed assets, at their estimated fair market value at the date of receipt. The effect of reflecting such land and buildings in accordance with generally accepted accounting principles has not been determined. In addition, certain disclosures relating to the General Fixed Assets Account Group have been omitted as such information is not available.

The State is presently considering various necessary measures to bring its financial statements in conformity with generally accepted accounting principles as well as implementing a comprehensive fixed assets accounting system.

4. Budgeting and Budgetary Control

The budget of the State is a detailed operating plan which identifies estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, services and activities to be provided during the fiscal year, (2) the estimated revenue available to finance the operating plan and (3) the estimated spending requirements of the operating plan. The budget represents a process through which policy decisions are made, implemented and controlled.

Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated throughout the year. Amounts reflected as budgeted revenues in the Combined Statement of Revenues and Expenditures - Budget and Actual are those estimates as compiled by the Council on Revenues and Director of Finance. Budgeted expenditures are derived primarily from the General Appropriations Act of 1985 (Act 300, Session Laws of 1985), as amended, and from other authorizations contained in the Hawaii Constitution, the Hawaii Revised Statutes and other specific appropriation acts in various Session Laws of Hawaii.

To the extent not expended or encumbered, General Fund appropriations generally lapse at the end of the fiscal year for which the appropriations were made. The State Legislature specifies the lapse date and any other contingencies which may terminate the authorization for other appropriations.

Budgets adopted by the State Legislature for the General and Special Revenue Funds are presented in the Combined Statement of Revenues and Expenditures - Budget and Actual. The State's budgetary fund structure differs from those utilized to present financial statements in conformity with generally accepted accounting principles. A summarization of the material differences for the fiscal year ended June 30, 1986 follows:

	General Fund	Special Revenue Funds
Excess of revenues and other financing sources over expenditures and other financing uses - actual on budgetary basis	$ 3,795,378	$ 95,365,065
Reserve for continuing appropriations at year-end	93,629,956	30,188,813*
Expenditures for liquidation of prior year encumbrances and continuing appropriations	(49,975,489)	-
Expenditures for unbudgeted programs, principally expenditures for Federal grant projects and revolving funds	-	(90,942,213)
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis	$ 47,449,845	$ 34,611,665

*Amount reflects the encumbrance balances (included in continuing appropriations) for budgeted programs only.

5. Receivables

Taxes Receivable:

At June 30, 1986, taxes receivable consisted of the following:

	Funds	
	General	Enterprise
Public service company tax	$ 22,364,084	$ -
Income taxes and other self-assessed taxes	1,678,780	-
Aviation fuel tax (note 12)	-	763,202
	$ 24,042,864	$ 763,202

Under the Hawaii Revised Statutes, the public service company tax is levied on certain businesses based upon gross income. The tax is due at the beginning of the calendar year; however, a company may elect to pay the tax in four equal installments during the year. The taxes receivable balance consists primarily of uncollected installments.

Accounts Receivable and Accrued Interest Receivable:

At June 30, 1986, accounts receivable and accrued interest receivable consisted of the following:

	Funds				
	Special Revenue	Enterprise	Hawaii Housing Authority	State Hospitals	University
Advances to homesteaders under Hawaiian Home Lands programs	$ 61,905	$ -	$ -	$ -	$ -
Airport services and fees	-	15,911,267	-	-	-
Harbor services and fees	-	3,532,855	-	-	-
Hospital patient services	-	-	-	43,907,891	-
Accrued interest	-	2,404,067	6,937,189	-	120,762
Other	-	-	-	-	3,977,833
	61,905	21,848,189	6,937,189	43,907,891	4,098,595
Less allowance for doubtful accounts	-	2,190,000	-	15,649,299	154,116
Accounts receivable and accrued interest receivable, net	$ 61,905	$ 19,658,189	$ 6,937,189	$ 28,258,592	$ 3,944,479

Notes and Loans Receivables:

At June 30, 1986, notes and loans receivables consisted of the following:

General Fund:	
Industrial Loans Guaranty	$ 5,640,933
Molokai Task Force loans	299,490
Kauai Task Force loans	786,918
Independent Sugar Growers loans	984,082
North Kohala Task Force loans	944,950
State disaster commercial loans	2,251
State loans for certain employment	11,987
Molokai General Hospital	217,874
Total	$ 8,888,485
Special Revenue Funds:	
Hawaiian Home Lands:	
Native Hawaiian Rehabilitation Fund loans	51,477
Statewide replacement loans	7,406,905
Maintenance, repair and renovation loans	573,217
Loan guaranty loans	203,254
Homesteaders loans	3,562,437
Homesteaders and non-homesteaders loans	641,287
Hawaiian Home Lands loans	3,088,420
Hawaiian Home Lands general loans	23,069,528
Farm loans	1,511,923
Agriculture:	
Farm loans	14,226,957
Hawaii agricultural products loans	156,564
Hawaii aquacultural loans	545,438
Veterans' loans	780,056
Planning and Economic Development:	
Commercial fishing vessel repairs and maintenance loans	809,537
Hawaii capital loans	4,603,779
Fisheries new vessel loans	4,474,865
State disaster loans	21,861
Office of Hawaiian Affairs:	
Economic Development loans	19,713
Total	$ 65,747,218

Hawaii Housing Authority Fund:	
Mortgage loans	$ 280,720,163
Notes and loans, net of deferred income of $3,660,030 on sales of housing project	23,503,571
Total	$ 304,223,734
University Funds:	
Student loans, net of allowance for doubtful accounts of $3,382,829	$ 13,261,842

Hawaiian Home Lands notes are generally collateralized by real property.

6. Investments

At June 30, 1986, investments consisted of the following:

	Funds				
	Special Revenue	Enterprise	Hawaii Housing Authority	University	Trust And Agency
U. S. Treasury bills, notes and bonds, at amortized cost (total market value of $12,282,000)	$ 1,000,517	$ 224,490	$ 5,344,228	$ 2,614,013	$ 2,219,040
Repurchase agreements for U. S. Government securities, at cost which approximates market	-	-	-	-	6,000,000
Time certificates of deposit and money market deposits, at cost which approximates market	675,737	-	37,711,128	-	-
Corporate stocks and bonds, at cost (total market value of $13,355,000)	1,719,562	-	-	10,848,291	118,091
Other, at cost which approximates market	-	-	-	355,023	-
	$ 3,395,816	$ 224,490	$ 43,055,356	$ 13,817,327	$ 8,337,131

7. Restricted Assets

At June 30, 1986, restricted assets consisted of the following:

	Proprietary Fund Types		
	Enterprise	Hawaii Housing Authority	State Hospitals
Cash, including certificates of deposit of $120,904,987 and $57,500,208 for Enterprise Funds and Hawaii Housing Authority Fund, respectively	$ 159,861,693	$ 59,510,627	$ 444,375
Investments:			
U. S. Treasury and agencies securities, at amortized cost (total market value of $112,210,500)	50,712,093	57,000,476	-
Repurchase agreements for U. S. Government securities, at cost which approximates market	-	89,545,594	-
Other, at cost which approximates market	-	287,841	-
Investment in direct financing leases	26,980,146	-	-
Accrued interest receivable	144,147	-	-
	$ 237,698,079	$ 206,344,538	$ 444,375

Certain leases of State-owned special facilities to parties engaged in airline and maritime operations are accounted for as direct financing leases. At June 30, 1986, investment in direct financing leases consisted of the following:

Total minimum lease payments receivable	$ 78,726,670
Estimated unguaranteed residual value	3,600,000
Less unearned income	(56,075,564)
	26,251,106
Cash with trustee and other	729,040
	$ 26,980,146

Minimum future rentals to be received under direct financing leases as of June 30, 1986 are as follows:

Fiscal year ending June 30:	
1987	$ 1,840,000
1988	1,930,000
1989	1,950,000
1990	1,970,000
1991	1,990,000
Thereafter	69,046,670
	$ 78,726,670

8. Property, Plant and Equipment

Proprietary Fund Types:

At June 30, 1986, property, plant and equipment consisted of the following:

	Proprietary Fund Types			
	Enterprise	Hawaii Housing Authority	State Hospitals	University
Land and land improvements	$ 357,540,471	$ 31,074,310	$ 1,910,334	$ 40,361,317
Buildings and improvements	334,951,272	157,094,121	76,653,627	344,171,186
Machinery and equipment	15,335,599	5,198,209	44,805,583	130,972,939
Library and other books	-	-	-	48,543,543
Livestock	-	-	-	383,512
	707,827,342	193,366,640	123,369,544	564,432,497
Less accumulated depreciation (note 2)	(207,677,008)	(60,405,779)	(33,037,950)	-
	500,150,334	132,960,861	90,331,594	564,432,497
Construction in progress	200,593,085	800,820	1,358,456	2,193,094
	$ 700,743,419	$ 133,761,681	$ 91,690,050	$ 566,625,591

General Fixed Assets Account Group (Unaudited):

Changes in General Fixed Assets during the fiscal year ended June 30, 1986 was as follows:

	Land	Buildings And Improvements	Equipment	Total
Balance, July 1, 1985, as previously reported	$ 328,256,237	$ 610,952,024	$ 254,744,812	$ 1,193,953,073
Adjustment to record buildings and structures controlled by the State (note 19)	-	130,939,895	-	130,939,895
Balance, July 1, 1985, as restated	328,256,237	741,891,919	254,744,812	1,324,892,968
Additions	19,240,208	28,446,483	20,743,113	68,429,804
Deductions	19,689	203,018	4,686,740	4,909,447
	$ 347,476,756	$ 770,135,384	$ 270,801,185	1,388,413,325
Construction in progress, June 30, 1986				124,113,264
Balance, June 30, 1986				$ 1,512,526,589

The construction in progress additions and deductions during 1986 are not shown as such information is not available.

9. Loans For Issued General Obligation Bonds

The State has advanced proceeds received from general obligation bond issues to Proprietary Fund Types and other State agencies. Repayments, including interest, are reimbursed from specific revenue sources of the funds and agencies, and correspond to the terms of the related general obligation bonds. At June 30, 1986, outstanding advances consisted of the following:

Proprietary Fund Types (note 11)	$ 83,072,760
Special Revenue Funds:	
Highways	147,322,547
Land development projects	1,444,368
Hawaii Water Authority	6,180,795
Small boat harbors	3,016,048
Off-street parking	3,998,147
Planning and economic development	180,000
	$ 245,214,665

10. Notes, Loans and Installment Contracts Payable

Proprietary Fund Types:

Hawaii Housing Authority Fund-

At June 30, 1986, the note payable consisted of an obligation to Farmers Home Administration collateralized by property and rental receipts due in monthly installments of $2,207 through 2009 with interest at 1%. At June 30, 1986, the note payable amounted to $522,487.

University Funds -

At June 30, 1986, installment contracts payable arising from purchases of certain equipment on the installment method amounted to $2,907,270 with interest ranging from 8% to 12% per annum.

General Long-Term Obligations Account Group:

Notes, Loans and Installment Contracts Payable -

At June 30, 1986, notes, loans and installment contracts payable consisted of the following:

Notes payable on behalf of the Department of Hawaiian Home Lands to HHA consisting of various notes maturing through 1994, at 7.5% interest	$ 3,324,508
Loan payable to U. S. Department of the Interior Bureau of Reclamation by the State Department of Land and Natural Resources, due in annual installments of $112,844 plus nominal interest through 2013	3,046,766
Installment purchase note payable, at 8.88% interest, due in monthly payments of $74,897 through 1990	2,780,187
Installment purchase note payable, at 10% interest, due in monthly payments of $42,884 through 1989	1,066,930
	$ 10,218,391

Maturities of notes, loans and installment contracts payable are as follows:

	Proprietary Fund Types		General Long-Term Debt Obligations Account Group
	Hawaii Housing Authority	University	
Fiscal year ending June 30:			
1987	$ 21,000	$ 1,123,700	$ 1,709,700
1988	22,000	1,141,300	1,816,200
1989	22,000	370,800	1,618,900
1990	22,000	155,500	1,230,000
1991	22,000	115,970	615,200
Thereafter	413,487	-	3,228,391
	$ 522,487	$ 2,907,270	$ 10,218,391

11. General Obligation Bonds Payable

General obligation bonds are serial bonds backed by the full faith and credit of the State. All issues except those prior to September 1, 1968 contain call provisions (call prices range from 103 to 100). Stated interest rates range from 3% to 10%. At June 30, 1986, the general obligation bonds consisted of the following:

Callable	$ 1,723,011,350
Noncallable	11,960,000
Total general obligation bonds outstanding	1,734,971,350
Less amount recorded as a liability of Proprietary Fund Types	83,072,760
Amount recorded in the General Long-Term Obligations Account Group	$ 1,651,898,590

Proceeds of certain general obligation bonds have been contributed as capital to HHA. These bonds are recorded in the General Long-Term Obligations Account Group since principal repayments are funded through the General Fund. HHA is required to reimburse the General Fund for the interest portion of the debt service which approximated $3,916,000 in 1986.

A summary of debt service requirements to maturity follows:

Fiscal year:	Principal	Interest
1987	$ 128,434,270	$ 120,694,781
1988	135,694,270	112,615,764
1989	139,944,270	103,907,185
1990	135,319,270	94,947,450
1991	133,474,270	86,144,886
1992	127,375,000	77,513,241
1993	121,295,000	69,113,755
1994	111,055,000	61,006,907
1995	104,980,000	53,414,840
1996	100,865,000	46,088,566
1997	85,655,000	39,170,663
1998	77,380,000	32,974,099
1999	64,945,000	27,125,695
2000	60,840,000	21,734,753
2001	52,580,000	16,690,575
2002	52,650,000	12,049,191
2003	38,785,000	7,589,846
2004	26,375,000	4,387,309
2005	18,130,000	2,327,895
2006	9,895,000	1,070,180
2007	1,665,000	524,835
2008	1,770,000	425,123
2009	1,545,000	329,100
2010	1,645,000	234,900
2011	1,755,000	134,550
2012	920,000	27,600
	$ 1,734,971,350	$ 992,243,689

On July 1, 1985 the State issued $74,900,000 in general obligation bonds with an average interest rate of 7.6%. The entire proceeds of $74,900,000 plus an additional $9,726,965 of appropriated debt service monies were used to acquire U. S. Government securities, which were deposited into an irrevocable trust to satisfy all future debt service requirements on $70,830,000 of the Series AR 1981 Bonds with an average interest rate of 11.6%. As a result, the Series 1981 Bonds are considered to be extinguished and the liability for those bonds has been removed from the General Long-Term Obligations Account Group.

In prior years, the State extinguished certain outstanding general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the refunding bonds. Accordingly, the trust accounts and the refunding bonds are not included in the State's financial statements. At June 30, 1986, the outstanding balances of the extinguished bonds were as follows:

November 1981, Series AS	$66,660,000
June 1982, Series AT	66,660,000

The State Constitution limits the amount of general obligation bonds which may be issued. As required by law, the Director of Finance has confirmed that the State was within its legal debt limit on the aforementioned issues.

At June 30, 1986, general obligation bonds authorized but unissued consisted of the following:

Purpose	Authorized But Unissued
General government	$ 25,358,085
Public safety	24,794,908
Highways	73,299,834
Health	4,352,370
Hospitals	694,816
Welfare	7,070
Education	52,076,042
Culture and recreation	13,016,726
Urban redevelopment and housing	5,251,510
Economic development and assistance	10,573,189
Airports	336,385
Excess bond issue proceeds over appropriation	(12,969,745)
	$ 196,791,190

Excess bond issue proceeds over appropriation represent general obligation bond proceeds which have not been allocated for a specific purpose as of June 30, 1986.

Subsequent to June 30, 1986, the State issued callable general obligation bonds, Series BF dated August 1, 1986, amounting to $80,000,000 with interest rates between 6.9% to 7.1% per annum maturing serially through 2006, and issued callable general obligation refunding bonds, Series BG dated November 1, 1986, amounting to $252,090,000 with interest rates between 6.0% to 6.8% per annum maturing serially through 2003. Proceeds from the Series BG debt were deposited into an irrevocable trust to satisfy scheduled payments of principal and interest of certain existing general obligation bonds in the amount of $212,430,000.

12. Revenue Bonds and Liabilities Collateralized by HUD Annual Contributions

Enterprise Funds:

At June 30, 1986, revenue bonds payable (net of unamortized bond discount) for Enterprise Funds consisted of the following:

	Current	Noncurrent
Harbor capital improvement revenue bonds	$ 2,766,157	$ 53,957,908
Harbor special facility revenue bonds	-	16,750,000
Airports revenue bonds	26,855,000	390,926,878
Airports special facility revenue bonds	230,000	9,580,000
	$ 29,851,157	$ 471,214,786

During 1986 gains on early redemption of revenue bonds for Harbors and Airports were $84,335 and $66,433, respectively.

Harbor Capital Improvement Revenue Bonds -

The Harbor capital improvement revenue bonds are collateralized by a charge and lien on the gross revenues of commercial harbors and upon all improvements and betterments thereto and all funds and securities created in whole or part from revenues or from the proceeds of any bonds issued. The Harbor capital improvement revenue bonds are subject to redemption at the option of the State Director of Transportation and the State during specific years at prices ranging from 102-1/2 to 100.

The following is a summary of the outstanding Harbor capital improvement revenue bonds at June 30, 1986:

Year Of Issue	Final Maturity Date	Interest Rate	Original Amount Of Issue	Outstanding
1967	1997	5.200 %	$ 20,000,000	$ 15,695,000
1978	2008	5.500 - 6.700	20,000,000	18,450,000
1983	2008	4.750 - 8.875	23,385,000	22,885,000
			$ 63,385,000	57,030,000
Less unamortized bond discount				(305,935)
				56,724,065
Less current portion, net of unamortized bond discount				(2,766,157)
				$ 53,957,908

The certificate providing for the issuance of revenue bonds provides for the levying and collection of minimum net revenues to service and provide reserves for maturing debt principal, interest, sinking fund, and replacement and maintenance reserve requirements, and also provides for the maintenance of certain insurance coverage for fire, workers' compensation and public liability. At June 30, 1986, $9,520,058 was on credit in the revenue bond debt service sinking fund and reserve accounts.

Harbor Special Facility Revenue Bonds -

In 1980, the State Legislature authorized the issuance of special facility revenue bonds for the construction, acquisition, remodeling, furnishing and equipping of State-owned special facilities for lease to parties engaged in maritime operations.

Pursuant to this authorization, $15,760,000 of 8-1/2% special facility revenue bond anticipation notes were issued in 1981 to finance the construction of container terminal facilities on Sand Island for the exclusive use of Matson Terminals, Inc. In 1983, special facility revenue bonds of $16,750,000 were issued to extinguish the revenue and anticipation notes and to provide additional funds for construction. These bonds, which bear interest at 10% per annum, mature on March 1, 2013, subject to optional redemption on or after March 1, 1993 at prices ranging from 103 to 100. Payment of the principal and interest on the bonds has been guaranteed by Matson Navigation Company, Inc., parent company of the lessee.

Airports Revenue Bonds -

The Airports revenue bonds are payable solely from and collateralized by Airports revenue which includes all aviation fuel taxes levied.

The following is a summary of the outstanding Airports revenue bonds at June 30, 1986:

	Interest Rate	Final Maturity Date	Original Amount Of Issue	Outstanding
Series:				
1969	4.90 - 5.90%	1995	$ 40,000,000	$ 21,895,000
1969, second	6.00 - 7.00	1995	45,000,000	25,910,000
1970	6.60 - 7.10	1996	20,000,000	12,260,000
1970, second	7.25 - 8.25	1996	25,000,000	15,930,000
1971	6.25 - 7.25	1997	30,000,000	20,375,000
1971, second	5.30 - 6.30	1997	20,000,000	13,685,000
1972	5.25 - 6.25	1998	25,000,000	17,945,000
1974	8.25 - 9.25	2000	20,000,000	16,470,000
1975	6.10 - 7.50	2001	20,000,000	16,730,000
1977	5.25 - 6.75	2004	20,000,000	17,030,000
1981, extinguished by 1983, refunding	12.50 - 14.00	2009	75,000,000	-
1983, refunding	4.75 - 8.88	2008	97,050,000	94,870,000
1983	8.25 - 9.75	2013	50,000,000	49,815,000
1984	9.00 - 10.38	2004	65,000,000	65,000,000
1986	6.25 - 7.70	2004	35,000,000	35,000,000
			$ 587,050,000	422,915,000
Less unamortized bond discount				(5,133,122)
				417,781,878
Less current portion				(26,855,000)
				$ 390,926,878

The certificate providing for the issuance of revenue bonds provides for the levying and collection of minimum net revenues to service and provide reserves for maturing debt principal, interest, sinking fund and replacement and maintenance reserve requirements, and also provides for the maintenance of certain insurance coverage for fire, workers' compensation and public liability. At June 30, 1986, $58,845,800 was on credit in the revenue bond debt service sinking fund and reserve account.

Airports Special Facility Revenue Bonds -

Airports entered into three special facility lease agreements, one with Pan American World Airways, Inc. in 1972, one with Western Airlines, Inc. in 1975 and another with Northwest Airlines, Inc. in 1983. The construction of the related facilities was financed by special facility revenue bonds issued by Airports in the amounts of $6,800,000, $2,300,000 and $2,200,000, respectively. These bonds are payable solely from and collateralized by certain rentals and other monies derived from the special facility.

The following is a summary of Airports special facility revenue bonds at June 30, 1986:

	$6,800,000 Issue	$2,300,000 Issue	$2,200,000 Issue	Total
Current portion	$ 180,000	$ 50,000	$ -	$ 230,000
Noncurrent portion	5,450,000	1,930,000	2,200,000	9,580,000
	$ 5,630,000	$ 1,980,000	$ 2,200,000	$ 9,810,000

Other pertinent information on the aforementioned bonds is summarized hereunder:

$6,800,000 Issue

These bonds have stated maturity dates of April 1, 1987 and April 1, 2002 for the principal amounts of $500,000 and $6,300,000, respectively. The bonds bear interest at 7.5% and 8% per annum, respectively. The bonds are subject to early redemption after April 1, 1982, at the option of Airports, at prices ranging from 103 to 100 plus interest depending on the dates of redemption, or if the facilities are destroyed or damaged extensively at 100 plus interest.

$2,300,000 Issue

These bonds are subject to early redemption on and after June 1, 1987, at the option of Airports, at prices ranging from 103 to 100 depending on the dates of redemption, or at 100 plus interest if the facilities are destroyed or damaged extensively.

$2,200,000 Issue

These bonds have a stated maturity date of November 1, 2002. As of June 30, 1986, the fixed interest rate of the bonds was subject to determination by Airports at the direction of the lessee. The bonds currently bear interest at an annual rate of 60% of the prime interest rate charged by the Norwest Bank of Minneapolis, the bond trustee, subject to a maximum rate of 20% per annum.

The bonds are subject to early redemption on and after November 1, 1992, at the option of Airports, at a price of 100 plus accrued interest and a premium equal to 1/2% of the principal redeemed for each 12-month period from the date of redemption to the stated maturity date of the bonds, or at a price of 100 plus interest if the facilities are destroyed or damaged extensively.

The special facility leases are accounted for and recorded as direct financing leases. The remaining lease payments to be paid by the lessees (including debt service requirements on the special facility revenue bonds) are recorded as a restricted asset and the special facility revenue bonds outstanding are recorded as a liability.

Hawaii Housing Authority Fund:

Liabilities Collateralized by HUD Annual Contributions -

At June 30, 1986, liabilities collateralized by HUD annual contributions consisted of the following:

U. S. Government loans, bearing interest at the existing rate charged to HUD by the U. S. Treasury (8.316% at June 30, 1986) maturing in October 1986	$ 67,805,658
Federal Financing Bank, due in decreasing annual payments ranging from $1,076,470 in November 1986 to $252,501 in November 2016 and bearing interest at 6.6% for HHA	13,052,805
Housing bonds payable	32,939,000
	$ 113,797,463

Project costs are refinanced periodically to provide long-term financing on the low-rent programs. Property, rental receipts and HUD's annual contributions are pledged as collateral.

HHA issued housing bonds pursuant to Chapter 356 of the Hawaii Revised Statutes to provide permanent financing for low-income housing projects. The first five issues are callable after 10 years and the remaining issues are callable after 15 years from the date of issue. The housing bonds require annual level debt service payments. HUD's annual contributions for debt service and the excess of project revenues over project expenses are pledged as collateral. Housing bonds payable at June 30, 1986 were comprised of the following:

	Year Of Issue	Final Redemption Date	Interest Rate	Original Amount Of Issue	Outstanding
Housing bonds - Chapter 356:					
1st issue	1950	1991	2.125%	$ 6,050,000	$ 1,214,000
2nd issue	1953	1991	2.375	5,775,000	1,281,000
3rd issue	1955	1996	2.375	1,345,000	503,000
4th issue	1957	1998	3.000	1,195,000	541,000
5th issue	1958	1998	3.500	2,085,000	999,000
6th issue	1959	1998	3.500	2,025,000	991,000
7th issue	1961	2002	3.125	525,000	305,000
8th issue	1964	2005	3.375	8,235,000	5,385,000
9th issue	1964	2005	3.625	1,600,000	1,070,000
10th issue	1965	2006	3.625	3,355,000	2,350,000
11th issue	1966	2007	3.625	1,805,000	1,290,000
12th issue	1966	2007	4.500	3,605,000	2,655,000
13th issue	1968	2009	5.125	2,855,000	2,315,000
14th issue	1970	2009	5.750	14,595,000	12,040,000
					$ 32,939,000

In 1979, the State Legislature enacted Act 50 which, as amended, authorized the issuance of up to $875,000,000 of revenue bonds. Through June 30, 1986, $577,100,000 of revenue bonds have been issued. The revenue bonds are payable solely from and collateralized by the revenues and other monies and assets of HHA (comprised principally of investments and mortgage loans receivable aggregating $502,435,845) which are pledged under the indentures.

At June 30, 1986, such HHA serial and term revenue bonds payable were comprised of the following:

	Year Of Issue	Final Maturity Date	Interest Rate	Original Amount Of Issue	Outstanding
Single family mortgage purchase revenue bonds:					
Series A	1980	2010	7.00 - 8.40%	$ 100,000,000	$ 87,980,000
Series B	1980	2010	6.70 - 9.00	50,000,000	44,855,000
Series A	1982	2001	10.00 - 13.00	60,000,000	14,715,000
Series A	1983	2013	5.75 - 9.50	50,000,000	49,205,000
Series B	1983	2014	6.50 - 10.25	30,000,000	29,805,000
Series C	1983	2013	6.50 - 10.25	61,000,000	60,505,000
Series A	1984	2016	6.60 - 10.50	100,000,000	60,000,000
Series A	1985	2017	7.40 - 9.25	30,000,000	30,000,000
Series A	1986	2016	5.60 - 8.00	40,300,000	40,300,000
Home mortgage purchase revenue bonds:					
Series A	1981	1998	10.30 - 13.00	20,000,000	11,345,000
Multi-family housing revenue bonds:					
Series A	1985	2010	4.25	32,000,000	32,000,000
1985 issue	1985	1996	7.90 - 10.35	3,800,000	3,800,000
				$ 577,100,000	$ 464,510,000

Maturities and sinking fund requirements of Enterprise and HHA revenue bonds and liabilities collateralized by HUD annual contributions are as follows:

	Revenue Bonds		Liabilities
	Enterprise	Hawaii Housing Authority	Collateralized By HUD Annual Contributions
Fiscal year ending June 30:			
1987	$ 29,880,000	$ 24,311,000	$ 68,882,000
1988	31,875,000	5,531,000	1,627,000
1989	34,085,000	9,583,000	1,695,000
1990	36,460,000	6,611,000	1,758,000
1991	38,850,000	8,863,000	1,833,000
Thereafter	335,355,000	409,611,000	38,002,463
	506,505,000	464,510,000	113,797,463
Less unamortized bond discount	5,439,057	-	-
	$ 501,065,943	$ 464,510,000	$ 113,797,463

University Funds:

At June 30, 1986, revenue bonds collateralized by current fund revenues were comprised of the following:

	Series	Interest Rate	Outstanding
Student housing system at Manoa	B, C, D	3.00 - 3.50%	$ 2,631,000
Faculty housing program	A	2.88	319,000
Onizuka Center for International Astronomy	E	9.40	3,130,000
Mauna Kea Observatory complex power line	F	7.45	1,650,000
			$ 7,730,000

The Onizuka Center for International Astronomy revenue bonds are further collateralized by separate agreements between the University of Hawaii and two major users of the facility. The agreements provide that these two participants shall pay the University of Hawaii their proportionate share of the principal and interest payments due on the bond indebtedness along with any other cost associated with the bond even though the participants discontinue their involvement with the facility prior to the liquidation of the bond indebtedness.

Total principal and interest payments on these revenue bonds will amount to approximately $210,000 annually to 1995 and in gradually lesser amounts thereafter to 2006 for Series A through D bonds; and $420,000 annually until 1990 and in gradually lesser amounts thereafter until 1998 for Series E bonds. The Series F bonds require payments of $123,000 in 1987 and 1988, $351,000 in 1989, $477,000 in 1990, $470,000 in 1991 and $641,000 in 1992. All of the bond obligations of the University Funds have provisions for early redemption at the option of the University of Hawaii Board of Regents. The premium on bond redemption, as a percentage of the bond principal amount redeemed, range from .5% to 2.5%.

Revenue Bonds Authorized But Unissued:

At June 30, 1986, revenue bonds authorized but unissued consisted of the following:

Purpose	Authorized But Unissued
Higher education	$ 1,147,146
Urban redevelopment	541,600,000
Economic development and assistance	47,660,000
Airports	75,370,085
Harbors	18,081,900
	$ 683,859,131

Special Purpose Revenue Bonds:

Hawaii Revised Statutes Section 39A authorizes the State (with Legislative approval) to issue special purpose revenue bonds. Proceeds from these bonds are loaned to certain enterprises for projects deemed to be in the public interest. The bonds are not general obligations of the State and are payable solely from monies received by the State under project agreements with the recipients of the bond proceeds. Accordingly, the State has not included these bonds in its financial statements. Bonds outstanding at June 30, 1986, amounted to $388,855,000. Additionally, at June 30, 1986, special purpose revenue bonds of $110,065,000 were authorized but unissued.

Improvement District Bonds:

The Hawaii Community Development Authority is authorized to issue improvement district bonds under Hawaii Revised Statutes Section 206E. Proceeds from the bond issue are utilized to finance the redevelopment of districts designated by the State Legislature. The bonds are not general obligations of the State and are payable solely by the assessment liens on the real property of the designated district. Accordingly, the State has not included these bonds in its financial statements. Bonds outstanding as of June 30, 1986, amounted to $3,600,000.

13. Fund Balances

Governmental Fund Types and Expendable Trust Funds:

Changes in the State's fund balances during the fiscal year ended June 30, 1986 are as follows:

	Governmental Fund Types				Expendable Trust Funds
	General	Special Revenue	Debt Service	Capital Projects	
Fund balances (deficit), July 1, 1985:					
Reserved	$ 105,950,321	$ 110,894,232	$ 260,972,595	$ 498,110,691	$ 163,230,537
Unreserved	129,461,480	72,999,055	-	(333,746,223)	-
	235,411,801	183,893,287	260,972,595	164,364,468	163,230,537
Changes in reserved fund balances:					
Decrease in reserve for Federal aid highway projects encumbrances	-	-	-	(10,626,729)	-
Increase (decrease) in reserve for continuing appropriations	39,923,929	23,619,160	13,291	(6,292,492)	-
(Decrease) increase in reserve for receivables and advances	(31,217,917)	759,159	-	-	-
Increase in reserve for investments	-	1,290,828	-	-	-
Increase in reserve for unemployment compensation and others	-	-	-	-	27,638,213
Decrease in reserve for bond fund loans to Proprietary Fund Types	-	-	(6,165,411)	-	-
Decrease in reserve for bond redemption	-	-	(1,562,370)	-	-
	8,706,012	25,669,147	(15,714,490)	(16,919,221)	27,638,213
Change in unreserved fund balances - increase in unreserved fund balances	7,525,916	10,992,505	-	27,381,736	-
Fund balances (deficit), June 30, 1986:					
Reserved	114,656,333	136,563,379	245,258,105	481,191,470	190,868,750
Unreserved	136,987,396	83,991,560	-	(306,364,487)	-
	$ 251,643,729	$ 220,554,939	$ 245,258,105	$ 174,826,983	$ 190,868,750

At June 30, 1986, Expendable Trust Funds balance reserved for unemployment compensation and other consisted of the following:

Unemployment compensation	$ 176,950,805
Medical malpractice patients' compensation	469,907
Other	13,448,038
	$ 190,868,750

At June 30, 1986, the deficit in the Capital Projects Funds resulted from authorized appropriations in excess of general obligation bonds issued.

Proprietary Fund Types:

Hawaii Housing Authority -

At June 30, 1986, the accumulated deficit of $7,061,137 resulted primarily from significant reductions in the carrying values of dwelling unit inventory and land held for future development of the Dwelling Unit Revolving Fund.

14. Changes in General Long-Term Obligations Account Group

Changes in the General Long-Term Obligations Account Group are as follows:

	General Obligation Bonds Payable	Notes, Loans And Installment Contracts Payable	Accrued Vacation Payable	Claims And Judgments	Total
Balance, July 1, 1985	$ 1,608,397,449	$ 6,903,064	$ 64,129,465	$ -	$ 1,679,429,978
Bonds issued	222,693,168	-	-	-	222,693,168
Increase in installment contracts payable	-	3,847,117	-	-	3,847,117
Payments of notes and bonds	(179,192,027)	(531,790)	-	-	(179,723,817)
Net increases in accrued vacation payable	-	-	5,625,440	-	5,625,440
Claims and judgments	-	-	-	5,900,000	5,900,000
Balance, June 30, 1986	$ 1,651,898,590	$ 10,218,391	$ 69,754,905	$ 5,900,000	$ 1,737,771,886

15. Segment Information - Enterprise Funds

The State has two Enterprise Fund segments which account for the operations of Airports and Harbors. Segment information as of and for the fiscal year ended June 30, 1986 is as follows:

	Airports	Harbors	Total
Operating revenues	$ 105,728,743	$ 22,985,036	$ 128,713,779
Operating expenses:			
Depreciation	15,644,189	2,847,844	18,492,033
Other	49,225,917	13,459,095	62,685,012
	64,870,106	16,306,939	81,177,045
Operating income	40,858,637	6,678,097	47,536,734
Interest income	19,098,265	4,173,473	23,271,738
Interest expense	(27,856,072)	(6,579,275)	(34,435,347)
Other nonoperating (expense) revenue	(176,448)	60,601	(115,847)
Net income	$ 31,924,382	$ 4,332,896	$ 36,257,278
Capital contributions, net of depreciation charge	$ 3,509,755	$ 3,040,821	$ 6,550,576

	Airports	Harbors	Total
Total assets	$ 833,702,013	$ 245,740,387	$ 1,079,442,400
Total liabilities	516,363,647	96,423,015	612,786,662
Fund equity	$ 317,338,366	$ 149,317,372	$ 466,655,738
Additions to property, plant and equipment	$ 65,023,876	$ 5,634,267	$ 70,658,143
Proceeds from sale of bonds	$ 37,206,832	$ -	$ 37,206,832

16. Operating Leases

Governmental Fund Types and Expendable Trust and Agency Funds:

The State leases office facilities and equipment under various operating leases expiring through 1991. Minimum annual rental commitments under noncancelable leases with initial or remaining terms of one year or more are presented as follows:

Fiscal year ending June 30:	
1987	$ 5,006,000
1988	2,710,000
1989	1,383,000
1990	655,000
1991	206,000
	$ 9,960,000

Rent expenditures for the fiscal year ended June 30, 1986 amounted to $11,673,490.

Proprietary Fund Types:

Airport-Airline Lease Agreement -

Airports Division of the State Department of Transportation has entered into an airport-airline lease agreement with 25 major airline carriers which expires on July 31, 1992. The lease agreement provides to the lessees the nonexclusive right to use the State's airport system facilities, equipment, improvements and services, in addition to occupying certain premises and facilities. In return, the lessees agreed to pay an airport use charge based on a computed rate per 1,000-pound units of approved maximum landing weight for each aircraft used in revenue landings. The current rate is calculated by dividing the excess of estimated airport expenses over estimated airport revenues by the estimated approved maximum landing weight for all the airlines under the agreement for the fiscal year. The interisland airport use charge is set at 22% of the use charge for overseas flights during 1986. This method of computing the use charge is subject to renegotiation in 1987. For the fiscal year ended June 30, 1986, actual airport expenses exceeded airport revenues, as defined by the airport-airline lease agreement, resulting in airport use charges of $14,173,522.

The agreement established a prepaid airport use charge fund which would consist of any excess payments of the airport use charge over the amount required (excess of expenses over revenues) for the immediately preceding fiscal year. Normally, the amount in this account is used in the computation of the use charge for the first six months of the next fiscal year. Should the amount in this account exceed 10% of the total airport use charge for the fiscal year, the airlines may advise disposition for use of such excess toward capital improvement projects, retirement of outstanding bond indebtedness, the major maintenance fund, the additional prepaid airport use charge fund or other purposes. For the fiscal year ended June 30, 1986, the excess payments of airport use charge amounted to $10,923,064.

Other Leases -

Airports leases building spaces and improvements to concessionaires, airline carriers and other airport users. The terms of these leases range from 5 to 15 years for concessions, 10 to 20 years for airline carriers and 5 to 55 years for other airport users. Concessionaire lease rentals are generally based on the greater of a percentage of sales or a basic minimum rent. Percentage rent included in concession fee income for the fiscal year ended June 30, 1986 was approximately $35,520,000.

Harbors leases land, wharf and building space under month-to-month revocable permits and long-term leases. The long-term leases expire in various years through 2031. These leases generally call for rental increases every ten years based on independent appraisals of the fair market value of the leased property.

HHA leases land to developers and home buyers. The leases are generally for 55 years with the last 25 years lease rent negotiated based on the fair market value of the land. Lease rent income for the fiscal year ended June 30, 1986 was approximately $344,000.

The following schedule approximates future minimum lease rentals under noncancelable operating leases of the Enterprise Funds and Hawaii Housing Authority Fund as of June 30, 1986:

	Enterprise	Hawaii Housing Authority	Total
Fiscal year ending June 30:			
1987	$ 43,500,000	$ 362,000	$ 43,862,000
1988	40,000,000	384,000	40,384,000
1989	19,300,000	389,000	19,689,000
1990	15,100,000	394,000	15,494,000
1991	13,400,000	395,000	13,795,000
Thereafter	59,900,000	20,934,000	80,834,000
	$ 191,200,000	$ 22,858,000	$ 214,058,000

17. Retirement Benefits

Employees' Retirement System:

All eligible employees of the State and counties are required by Section 88 of the Hawaii Revised Statutes to become members of ERS. Prior to June 30, 1984, the plan was only contributory. In 1984, legislation was enacted to create a new noncontributory plan for members of the ERS who are also covered under social security. Police officers, firefighters, judges, elected officials and persons employed in

positions not covered by social security were excluded from the noncontributory plan. The noncontributory plan which provides for reduced benefits covers most eligible employees hired after June 30, 1984. Employees hired before that date were given the option of remaining in the contributory plan or joining the new noncontributory plan and receiving a refund of employee contributions.

The ERS consists of a Pension Accumulation Fund which provides basic pension benefits and a Post Retirement Fund which provides annual increases to individuals receiving pensions. Employer contributions to both funds are comprised of normal cost plus level annual payments required to liquidate the unfunded accrued liability of both funds. The ERS uses the frozen initial liability method and the entry age normal cost method for the Pension Accumulation Fund and Post Retirement Fund, respectively, to calculate the unfunded accrued liability for each fund.

Required contributions to the ERS are based on actuarial valuations and include the amortization of accrued unfunded liability over 50 years from July 1, 1964. The State's policy is to fund its required contribution annually. Contributions for the fiscal year ended June 30, 1986 by the General Fund, Special Revenue Funds and Proprietary Fund Types amounted to approximately $66,400,000, $16,200,000 and $42,400,000, respectively. Contributions by Special Revenue Funds and Proprietary Fund Types made are based upon a percentage assessment of actual payroll.

Actuarial valuations are prepared for the entire ERS and are not separately computed for the State and each county. The actuarial report does not provide the actuarially computed value of vested benefits. Instead, the following data for the entire ERS (contributory plan) is provided as of the latest available report dated June 30, 1985 as follows:

Net assets available for benefits (unaudited)	$ 2,314,334,300
Present value of future employee contributions	433,043,700
Present value of future employer normal cost contributions	1,378,834,900
Unfunded accrued liability	496,996,200
	$ 4,623,209,100
Present value of benefits to current pensioners and beneficiaries	1,139,770,200
Present value of future benefits to active employees and inactive members	3,483,438,900
	$ 4,623,209,100

The actuarial valuation as of June 30, 1985 is based on an assumed investment yield of 8%. Estimated earnings in excess of the assumed rate are used to reduce required contributions.

Post Retirement Health Care and Life Insurance Benefits:

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired State employees. Contributions are based upon negotiated collective bargaining agreements. State contributions for post retirement benefits which are funded as accrued aggregated $17,251,000 in 1986.

18. Commitments and Contingencies

Accumulated Sick Leave:

Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limit, but can be taken only in the event of illness and is not convertible to pay upon termination of employment. However, a State employee who retires or leaves government service in good standing with 60 days or more of unused sick leave is entitled to additional service credit in the ERS. At June 30, 1986, accumulated sick leave approximated $423,100,000.

Deferred Compensation Plan:

In 1983, the State established a deferred compensation plan which enables State employees to defer a portion of their compensation. Deferred compensation payable at June 30, 1986 amounted to approximately $34,713,000.

Intergovernmental Expenditures:

Under Hawaii Revised Statutes Section 248-6, the State must provide at least $31,448,000 annually in grants-in-aid to the counties.

Litigation:

The State has been named defendant in numerous lawsuits and claims arising in the normal course of operations. To the extent that the outcome of such litigation has been determined to result in probable financial loss to the State, such loss has been accrued in the general purpose financial statements. Of the remaining claims which aggregate approximately $851,000,000, a number of claims may possibly create an ultimate adverse judgment against the State. However, such claim amounts cannot be reasonably estimated. In the opinion of the Attorney General, the ultimate outcome of these claims will not materially affect the operations of the State. The litigation payments for the fiscal years ended June 30, 1986, 1985 and 1984 approximated $5,189,000, $6,352,000 and $7,365,000, respectively.

Loan Commitments and Guarantee:

In connection with the 1983 Series B, 1983 Series C and 1984 Series A Bonds, the HHA had outstanding commitments to purchase loans from participating lenders of approximately $95,677,400 at June 30, 1986. HHA also had outstanding commitments to fund interim construction loans of approximately $10,700,000.

HHA has a mortgage loan guarantee of $40,000,000 to the ERS. HHA has guaranteed that upon the 120th day of delinquency or any default, it will either cure the arrearage of principal and interest or repurchase the delinquent loan. At June 30, 1986, approximately $29,000,000 in mortgage loans had been sold to the ERS and are covered by the loan guarantee.

Construction and Service Contracts:

At June 30, 1986, the Enterprise Funds and HHA had commitments of approximately $76,600,000 for construction and service contracts. In addition, the State has entered into an agreement whereby the U. S. Government will contribute approximately $60,000,000 toward the development of the deep draft harbor at Barbers Point. The dredging of the entrance channel and harbor basin was completed by the U. S. Army Corps of Engineers on May 7, 1986. The State's share of this Federal and State project is 4.4% of the cost for the dredging of the entrance channel and harbor basin and 100% of the cost for the dredging of the berthing area. The State is also required to contribute certain proceeds from the sale of dredged material produced by the project. In August 1981, the State acquired the land for the harbor project by condemnation. At June 30, 1986, the U. S. Congress had appropriated $53,745,500 for the project, of which $53,395,200 has been expended.

Insurance Coverage:

The State maintains certain insurance coverage to satisfy bond indenture agreements as well as for other purposes, but is substantially self-insured for all other perils including workers' compensation. Expenditures for workers' compensation are appropriated annually.

Tax Refund:

The State Constitution, as amended in 1978, provides that, beginning July 1, 1978, whenever the General Fund balance at the close of each two successive fiscal years exceeds 5% of General Fund revenues for each of the two fiscal years, the State Legislature, in the next regular session, must provide for a tax refund or tax credit to the taxpayers of the State. On April 18, 1986, Act 49 was approved, providing for a general income tax credit of $1 for each qualified exemption to be deducted from income tax liability for the taxable year 1986. This tax credit is estimated to reduce income tax revenues by $1,071,000 for the fiscal year ending June 30, 1987.

Public Land Trust:

In March 1983, the Legislative Auditor issued a progress report on his findings in connection with a study of the legal and fiscal issues arising from the public land trust (trust lands) provisions of the Admissions Act and the State Constitution and statutes. Under the aforementioned provisions, 20% of the income from such trust lands are to be paid to the Office of Hawaiian Affairs (OHA) to be used for the betterment of native Hawaiians. The Legislative Auditor identified 619 acres (34%) for Harbors out of 1,833 acres of primarily submerged lands as being trust lands. Since Airports generates an extensive amount of revenue annually, the Legislative Auditor made an extensive examination of Honolulu International Airport, the largest airport in Hawaii in terms of acreage and revenue. He found and identified approximately 3,386 acres of land (primarily the landing strips) at Honolulu International Airport as being trust lands. However, because of many unresolved issues concerning the extent, if any, to which Airports and Harbors income is subject to the 20% requirement and how income is to be defined and determined, no conclusions were reached in the progress report prepared by the Legislative Auditor.

On September 31, 1983, the State Attorney General, in response to an inquiry by the State Director of Transportation as to whether revenues derived from the operation of the State's Airports and Harbors are funds to be included in the "public land trust," responded in the negative. Accordingly, the Attorney General believes that none of the income of the Harbors and Airports Enterprise Funds is subject to the 20% requirement.

On October 28, 1983, two individuals, as native Hawaiians and as representatives of the Hou Hawaiians, filed a complaint in the U. S. District Court for the District of Hawaii and named as defendants the State of Hawaii, and the State Department of Transportation, among others. The complaint seeks an accounting of all funds derived by the defendants from among others, Airports and Harbors operations conducted on the lands which are to be held as a public trust. In addition to the accounting, the complaint seeks an order that not less than 20% of the future revenues from such lands be awarded to OHA and the State Department of Hawaiian Home Lands (DHHL). The defendants subsequently filed a motion for dismissal on the grounds of jurisdiction. The motion for dismissal was granted on April 12, 1984 and on June 25, 1985 the U. S. Court of Appeals, Ninth Circuit, affirmed the dismissal on appeal. A petition for review was filed by the plaintiffs with the U. S. Supreme Court and has been denied by the U. S. Supreme Court.

On September 26, 1985, the plaintiffs filed a second complaint in the U. S. District Court for the District of Hawaii. The complaint involves similar issues regarding trust lands and the allocation of a reasonable portion of future revenues from such lands for the benefit of native Hawaiians. A hearing on the State's motion to dismiss the case is currently pending.

A comparable complaint was filed by the trustees of OHA in the First Circuit Court of the State. The complaint seeks, among others, 20% of the income and proceeds of Harbors and at least 15.924% of the income from Honolulu International Airport attributable to property identified as trust lands. The defendants subsequently filed a motion for dismissal on grounds of sovereign immunity which was denied on August 9, 1985. The defendants have filed a motion for reconsideration of the issues. This motion also was denied. On February 19, 1986, the defendants filed an interlocutory appeal with the State Supreme Court which is currently pending.

In December 1986, the Legislative Auditor issued his final report on the public land trust examination mentioned in an earlier paragraph. No conclusions were reached on the unresolved issues; however, certain legislative actions were recommended to resolve the legal issues to materially clarify OHA's entitlement to the proceeds and income of the public land trust.

In the opinion of the State Attorney General, the outcome of all contingencies and litigation will not have a material adverse effect on the financial position of the Enterprise Funds and the State.

Enterprise Fund Lease:

Airports has been involved in litigation over the use of DHHL lands for Airport facilities. In 1981 and 1982, Airports and the State entered into a lease agreement with DHHL for certain airport lands owned by DHHL. Under the terms of the agreement, which expires on March 31, 2005, Airports has agreed to pay DHHL an annual rental of $531,216, retroactive to April 1, 1975. The annual rental will be subject to redetermination in 1995 based on fair market rental at time of reopening but not less than the rent for the immediate preceding period. This agreement settled rental issues raised by the litigation; however, other unresolved issues remained pending the acquisition of the lands in question by Airports.

In November 1984 a settlement agreement was approved by the State Department of Land and Natural Resources (DLNR), DHHL and the State Department of Transportation to settle litigation involving the use of DHHL lands for Airport facilities. The agreement provided in part for the transfer of the lands in question to Airports in return for lands controlled by DLNR. The agreement also provides for the transfer of excess lands under the control of Airports, together with an investment in a U. S. Treasury note (subsequently converted to a certificate of deposit) to DLNR. DLNR would assume the liabilities related to the outstanding retroactive rental payments payable to DHHL. Upon acquisition of the disputed lands by Airports, the existing lease agreements between Airports and DHHL will be terminated.

At June 30, 1986, the settlement agreement has not been fully executed and no determination can be made at this time as to when the settlement agreement will be fully executed. The execution of the settlement agreement will not result in any material cost to Airports.

Under an airlines' settlement agreement dated July 27, 1981, Airports and the State have agreed that in consideration of the direct contribution of $1.5 million by the airlines and the application of $4.5 million of Federal reimbursements credited to the Airports Special Fund toward final settlement and transfer of DHHL lands to Airports located at General Lyman Field, Waimea-Kohala and Molokai Airports, any funds in excess of a $6 million acquisition price would have to be obtained from sources other than the airline lessees or the Airports Special Fund.

Total rental expense for the fiscal year ended June 30, 1986, included in Airports operating expenses, consisted of the following:

DHHL lease - current fiscal year's rent	$ 531,216
Other leases	119,072
	$ 650,288

Future minimum rental payments under the DHHL operating lease at June 30, 1986 are as follows:

Fiscal year ending June 30:	
1987	$ 531,216
1988	531,216
1989	531,216
1990	531,216
1991	531,216
Thereafter	7,304,220
	$ 9,960,300

19. Prior Period Adjustments

Hawaii Housing Authority Fund:

Subsequent to issuing its combined financial statements of the HHA for the fiscal year ended June 30, 1985, HHA discovered an error in its reporting of the Special Assistance Fund. In prior periods, HHA inadvertently excluded the Special Assistance Fund from its combined financial statements. The resulting effect of the inclusion of the Special Assistance Fund in HHA's combined financial statements has been to increase beginning retained earnings as of July 1, 1985 by $790,650. The effect on results of operations for the prior fiscal year ended June 30, 1985 is immaterial.

General Fixed Assets Account Group:

In prior periods several buildings and structures utilized for educational and recreational purposes were excluded from the General Fixed Assets Account Group. The inclusion of these buildings and structures increased the beginning investment in fixed assets account as of July 1, 1985 by $130,939,895.

20. Extraordinary Item

Hawaii Housing Authority Fund:

During the fiscal year ended June 30, 1986, HHA redeemed and purchased bonds totaling $45,615,000 of the various series from undisbursed bond proceeds and prepayments of mortgages, and has approved the early redemption of bonds totaling $18,690,000 as of July 1, 1986. The deferred bond issue costs of $1,330,225 related to the early redemption of bonds were written off at the time an early redemption was approved and is reflected as an extraordinary item in the Hawaii Housing Authority Fund.

GENERAL FUND

The General Fund is the general operating fund of the State. It is used to account for all financial resources except those accounted for in other funds. Expenditures include those for education, welfare, general government, public safety, health, culture and recreation, and conservation of natural resources.

STATE OF HAWAII

EXHIBIT B-1

BALANCE SHEET - GENERAL FUND
JUNE 30, 1986

ASSETS

CASH AND SHORT-TERM CASH INVESTMENTS		$ 255,676,516
RECEIVABLES		
Taxes	$ 24,042,864	
Notes	8,888,485	
Other	123,500	
Total receivables		33,054,849
ADVANCES TO OTHER FUNDS		
Special Revenue Funds	357,094	
State Hospitals Funds	11,657,298	
Total advances to other funds		12,014,392
DUE FROM OTHER FUNDS		
Enterprise Funds	34,655	
University Funds	656,565	
Special Revenue Funds	551,000	
Total due from other funds		1,242,220
OTHER		154,675
TOTAL ASSETS		$ 302,142,652

LIABILITIES AND FUND EQUITY

LIABILITIES		
Vouchers payable		12,720,058
Due to other funds:		
University Funds	13,692,562	
Debt Service Funds	43,440	
Total due to other funds		13,736,002
Deferred revenue		24,042,863
Total liabilities		50,498,923
FUND EQUITY		
Reserved for continuing appropriations:		
Unallotted appropriations	7,392,434	
Unencumbered allotments	3,992,459	
Unliquidated encumbrances	82,245,063	
	93,629,956	
Reserved for receivables and advances	21,026,377	
Unreserved fund balance	136,987,396	
Total fund equity		251,643,729
TOTAL LIABILITIES AND FUND EQUITY		$ 302,142,652

STATE OF HAWAII

EXHIBIT B-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED FUND BALANCE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

REVENUES		
Taxes		
General excise tax	$ 732,472,079	
General excise licenses	396,767	
Net income tax:		
Corporations	38,726,491	
Individuals	467,644,233	
Inheritance and estate tax	5,971,396	
Liquor permits and tax	29,851,839	
Public service company tax	70,264,948	
Public service company fees	2,689,813	
Tobacco tax	19,740,731	
Tax on premiums of insurance companies	33,812,119	
Franchise tax (banks and other financial institutions)	4,934,437	
Other taxes, primarily conveyances tax	1,955,093	
Total taxes		$ 1,408,459,946
Non-taxes		
Interest and investment income	49,723,402	
Charges for current services	54,855,865	
Intergovernmental	10,293,678	
Rentals	4,801,965	
Fines, forfeits and penalties	11,882,008	
Licenses and fees	3,518,504	
Revenues from private sources	1,951,626	
Other	19,446,743	
Total non-taxes		156,473,791
Total revenues		1,564,933,737
OTHER FINANCING SOURCES		
Operating transfers in from Debt Service Funds		40,363,112
TOTAL REVENUES AND OTHER FINANCING SOURCES		$ 1,605,296,849

STATE OF HAWAII

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED FUND BALANCE - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

EXPENDITURES		
General government	$ 155,118,840	
Public safety	63,493,194	
Conservation of natural resources	16,506,539	
Health	88,427,304	
Welfare	173,473,477	
Lower education	395,916,120	
Other education	5,987,436	
Culture and recreation	20,798,395	
Urban redevelopment and housing	21,542	
Economic development and assistance	26,625,745	
Intergovernmental	18,173,045	
Social security and pension contributions	142,072,308	
Other	6,551,731	
Total expenditures		$ 1,113,165,676
OTHER FINANCING USES		
Operating transfers out to:		
Special Revenue Funds	1,048,353	
Debt Service Funds	243,979,760	
University Funds	187,476,055	
State Hospitals Funds	11,079,254	
Hawaii Housing Authority Fund	1,097,906	
Total other financing uses		444,681,328
TOTAL EXPENDITURES AND OTHER FINANCING USES		1,557,847,004
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES		47,449,845
OTHER CHANGES IN UNRESERVED FUND BALANCE		
Continuing appropriations, July 1, 1985	53,706,027	
Continuing appropriations, June 30, 1986	93,629,956	
Net change in continuing appropriations		(39,923,929)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES AND CHANGES IN UNRESERVED FUND BALANCE		7,525,916
UNRESERVED FUND BALANCE, JULY 1, 1985		129,461,480
UNRESERVED FUND BALANCE, JUNE 30, 1986		$ 136,987,396

STATE OF HAWAII

EXHIBIT B-3

STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)
REVENUES			
Taxes			
General excise tax	$ 694,077,000	$ 732,472,079	$ 38,395,079
General excise licenses	370,000	396,767	26,767
Net income tax:			
Corporations	26,140,000	38,726,491	12,586,491
Individuals	493,150,000	467,644,233	(25,505,767)
Inheritance and estate tax	6,623,000	5,971,396	(651,604)
Liquor permits and tax	35,236,000	29,851,839	(5,384,161)
Public service company tax	71,311,000	70,264,948	(1,046,052)
Public service company fees	2,600,000	2,689,813	89,813
Tobacco tax	21,272,000	19,740,731	(1,531,269)
Tax on premiums of insurance companies	36,100,000	33,812,119	(2,287,881)
Franchise tax (banks and other financial institutions)	2,282,000	4,934,437	2,652,437
Other taxes, primarily conveyances tax	2,160,000	1,955,093	(204,907)
Total taxes	1,391,321,000	1,408,459,946	17,138,946
Non-taxes			
Interest and investment income	47,853,784	49,723,402	1,869,618
Charges for current services	52,130,197	54,855,865	2,725,668
Intergovernmental	9,280,289	10,293,678	1,013,389
Rentals	4,969,317	4,801,965	(167,352)
Fines, forfeits and penalties	124,880	11,882,008	11,757,128
Licenses and fees	3,746,655	3,518,504	(228,151)
Revenues from private sources	831,015	1,951,626	1,120,611
Other	12,013,767	19,446,743	7,432,976
Total non-taxes	130,949,904	156,473,791	25,523,887
Total revenues	1,522,270,904	1,564,933,737	42,662,833
OTHER FINANCING SOURCES			
Operating transfers in from Debt Service Funds	42,033,433	40,363,112	(1,670,321)
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 1,564,304,337	$ 1,605,296,849	$ 40,992,512

STATE OF HAWAII

STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)
EXPENDITURES			
General government	$ 200,625,376	$ 157,805,722	$ 42,819,654
Public safety	65,796,535	66,132,180	(335,645)
Conservation of natural resources	16,881,302	16,750,118	131,184
Health	91,377,351	88,817,821	2,559,530
Welfare	200,716,656	186,072,920	14,643,736
Lower education	404,729,918	416,470,032	(11,740,114)
Other education	6,174,195	6,363,229	(189,034)
Culture and recreation	21,373,989	21,330,987	43,002
Urban redevelopment and housing	-	45,701	(45,701)
Economic development and assistance	29,010,329	28,828,128	182,201
Intergovernmental	19,447,551	18,173,045	1,274,506
Social security and pension contributions	140,163,430	142,088,516	(1,925,086)
Other	7,683,778	7,631,472	52,306
Total expenditures	1,203,980,410	1,156,509,871	47,470,539
OTHER FINANCING USES			
Operating transfers out to:			
Special Revenue Funds	1,048,353	1,048,353	-
Debt Service Funds	246,109,093	243,980,364	2,128,729
University Funds	182,233,966	187,785,723	(5,551,757)
State Hospitals Funds	11,619,137	11,079,254	539,883
Hawaii Housing Authority Fund	1,277,621	1,097,906	179,715
Total other financing uses	442,288,170	444,991,600	(2,703,430)
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,646,268,580	1,601,501,471	44,767,109
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES AND OTHER FINANCING USES	$ (81,964,243)	$ 3,795,378	$ 85,759,621

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

Functions of Government	Actual Expenditures	Carryover Appropriations July 1, 1985	Carryover Appropriations June 30, 1986	Lapses Of Prior Appropriations	Expenditures Adjusted For Carryover Appropriations	Budgeted Appropriations	Variance - Favorable (Unfavorable)	Transfers And Other Credits	Lapses Of Current Appropriations
General government	$ 155,118,840	$13,554,026	$15,550,952	$ 689,956	$ 157,805,722	$ 200,625,376	$42,819,654	$(36,861,962)	$ 5,957,692
Public safety . . .	63,493,194	5,440,040	7,603,538	475,488	66,132,180	65,796,535	(335,645)	4,341,499	4,005,854
Conservation of natural resources	16,506,539	1,352,356	1,544,252	51,683	16,750,118	16,881,302	131,184	646,516	777,700
Health	88,427,304	8,379,455	7,947,350	822,622	88,817,821	91,377,351	2,559,530	3,003,786	5,563,316
Welfare	173,473,477	3,628,535	15,610,735	617,243	186,072,920	200,716,656	14,643,736	(935,702)	13,708,034
Lower education . .	395,916,120	16,406,375	36,556,927	403,360	416,470,032	404,729,918	(11,740,114)	17,703,927	5,963,813
Other education . .	5,987,436	964,370	1,218,520	121,643	6,363,229	6,174,195	(189,034)	549,335	360,301
Culture and recreation	20,798,395	2,173,589	2,567,253	138,928	21,330,987	21,373,989	43,002	827,572	870,574
Urban redevelopment and housing . . .	21,542	35,904	60,063	-	45,701	-	(45,701)	45,701	-
Economic development and assistance .	26,625,745	1,594,121	3,703,829	92,675	28,828,128	29,010,329	182,201	513,263	695,464
Intergovernmental .	18,173,045	-	-	-	18,173,045	19,447,551	1,274,506	-	1,274,506
Social security and pension contributions	142,072,308	26,710	38,303	4,615	142,088,516	140,163,430	(1,925,086)	2,127,820	202,734
Other	6,551,731	150,546	1,228,234	2,053	7,631,472	7,683,778	52,306	40,000	92,306
Total expenditures	1,113,165,676	53,706,027	93,629,956	3,420,266	1,156,509,871	1,203,980,410	47,470,539	(7,998,245)	39,472,294
Other financing uses:									
Operating transfers out to other funds:									
Special Revenue Funds . . .	1,048,353	-	-	-	1,048,353	1,048,353	-	-	-
Debt Service Funds . . .	243,979,760	-	-	604	243,980,364	246,109,093	2,128,729	(355,380)	1,773,349
University Funds	187,476,055	-	-	309,668	187,785,723	182,233,966	(5,551,757)	8,343,067	2,791,310
State Hospitals Funds . . .	11,079,254	-	-	-	11,079,254	11,619,137	539,883	-	539,883
Hawaii Housing Authority Fund . . .	1,097,906	-	-	-	1,097,906	1,277,621	179,715	10,558	190,273
Total other financing uses	444,681,328	-	-	310,272	444,991,600	442,288,170	(2,703,430)	7,998,245	5,294,815
TOTAL EXPENDITURES AND OTHER FINANCING USES	$1,557,847,004	$53,706,027	$93,629,956	$3,730,538	$1,601,501,471	$1,646,268,580	$44,767,109	$ -	$44,767,109

STATE OF HAWAII

SCHEDULE B-5

SUPPLEMENTARY SCHEDULE OF CHANGES IN UNRESERVED
FUND BALANCE - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Obligations	Resources
FUND BALANCE, JULY 1, 1985		$ 129,461,480
Actual revenues	$ -	1,605,296,849
Appropriations authorized	1,646,268,580	-
Unrequired balances of appropriations lapsed	-	48,497,647
Total	1,646,268,580	1,783,255,976
FUND BALANCE, JUNE 30, 1986		$ 136,987,396

DETAILED LIST OF APPROPRIATIONS AUTHORIZED AND UNREQUIRED BALANCES
OF APPROPRIATIONS LAPSED - CLASSIFIED BY LEGISLATIVE ACTS

		Appropriations Authorized	Unrequired Balances Lapsed
Appropriations authorized by State Legislature in regular session of 1985 - effective July 1, 1985:			
SL 85 A1	Office of the Legislative Auditor	$ 1,333,000	$ 18,419
	Special studies and other requests of the Legislature	150,000	-
	State Ethics Commission	179,012	396
	Legislative Reference Bureau	1,437,125	151,467
	Office of the Ombudsman	380,350	1,334
A132	Interstate Compact on Placement of Children	40,257	2,835
A134	Public Employees Health Fund contributions	220,517	-
A148	State of Hawaii Land Evaluation and Site Assessment Commission	50,000	-
A169	Court of Appeals	2,650,649	47,070
	Administrative Director services	7,263,587	10,995
	Circuit Courts	11,143,803	675,477
	Family Courts	9,766,712	317,887
	District Courts	13,576,111	1,129,426
A171	Collective bargaining cost items for 1985-1986	47,114,655	-
A172	Collective bargaining cost items for State officers and excluded employees for 1985-1986	4,794,840	-
	Collective bargaining cost items for officers and excluded employees - Legislative Auditor for 1985-1986	51,000	-
	Collective bargaining cost items for officers and excluded employees - State Ethics Commission for 1985-1986	6,564	-
	Collective bargaining cost items for officers and excluded employees - Legislative Reference Bureau for 1985-1986	32,455	-
	Collective bargaining cost items for officers and excluded employees - Office of Hawaiian Affairs for 1985-86	27,722	5,956

STATE OF HAWAII

SUPPLEMENTARY SCHEDULE OF CHANGES IN UNRESERVED
FUND BALANCE - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

		Appropriations Authorized	Unrequired Balances Lapsed
Appropriations authorized by State Legislature in regular session of 1985 - effective July 1, 1985 (continued):			
A187	Industrial Loan Company Guaranty Act	$ 10,500,000	$ -
A193	Office of Hawaiian Affairs	561,588	1
A200	State's rental assistance program	2,000,000	-
A209	Criminal history records checks	30,000	3
A229	Sugar research and development	2,500,000	-
A296	Hawaii Workers' Compensation State Fund	807,400	15,328
A300	Capital improvements, general appropriations of 1985	20,000,000	-
	General Appropriations Act for 1985-1986	1,495,722,169	42,387,914
		1,632,339,516	44,764,508
Appropriations authorized by State Legislature in regular session of 1986 - effective prior to June 30, 1986:			
SL 86 A1	Session and non-session expenses of the Senate	2,475,524	-
	Session and non-session expenses of the House of Representatives	3,213,695	-
A128	Salary increases and retroactive salary payments for Executive Branch officers and employees	528,180	-
	Salary increases and retroactive salary payments for justices, judges and Judicial Branch officers	598,432	-
A168	Criminal Injuries Compensation Fund	489,112	-
A270	Legislative relief claims:		
	Overpayment of taxes	717,140	-
	Other	4,471,381	-
		12,493,464	-
Appropriations authorized by State Constitution:			
	Salaries:		
	Members of the Senate	390,000	-
	Members of the House of Representatives	795,600	2,600
		1,185,600	2,600
Special and continuous appropriations authorized by the Hawaii Revised Statutes:			
HRS 185-4	Firefighters' Contingency Fund	$ 250,000	$ 1

STATE OF HAWAII

SUPPLEMENTARY SCHEDULE OF CHANGES IN UNRESERVED
FUND BALANCE - GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

			Appropriations Authorized	Unrequired Balances Lapsed
Unrequired balance of appropriations in force June 30, 1985 - lapsed:				
SL 73	A204	State Commission on Population and the Hawaiian Future	$ -	$ 621
SL 79	A214	General appropriations of 1979, for 1979-1981	-	66,725
SSL 81	A1	General appropriations of 1981, for 1981-1983	-	92,725
SL 83	A202	Office of Hawaiian Affairs	-	418
	A212	Tax Review Commission	-	22
	A291	Court of Appeals	-	5,847
		Administrative Director services	-	60,991
		Law Library	-	3,853
		Land Court/Tax Court	-	1
		Circuit Courts	-	7,529
		Family Courts	-	6,074
		District Courts	-	33,874
	A301	General appropriations of 1983, for 1983-1985	-	3,242,955
SL 84	A2	Pre-session, interim session and other expenses of the House of Representatives - 1984	-	6,667
		Office of the Legislative Auditor	-	1,639
		Correction of prior General Fund lapse	-	(42)
		Office of the Ombudsman	-	300
		State Ethics Commission	-	892
	A4	Salary increases for excluded employees - Office of Hawaiian Affairs for 1985-1986	-	4
	A69	Equipment for Hilo Hospital	-	18,054
	A177	Hawaii Crime Commission	-	73
	A212	Child Abuse and Neglect Prevention Services	-	1,706
	A231	Personal care services - social services and housing	-	32,503
	A267	State Health Planning and Development Agency	-	789
	A275	Pesticides and environmental quality	-	32,193
SL 85	A1	Session and non-session expenses of the Senate	-	11,683
		Senate Contingency Fund - 1985 session	-	8,465
		Session and non-session expenses of the House of Representatives	-	77,483
		House of Representatives Contingency Fund - 1985 session	-	14,744
SL 85	A79	Legislative relief claims - other than overpayment of taxes	-	1,630
	A210	Criminal Injuries Compensation Fund	-	3
HRS	185-4	Firefighters' Contingency Fund	-	117
			-	3,730,538
			$ 1,646,268,580	$ 48,497,647

SPECIAL REVENUE FUNDS

The Special Revenue Funds category is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The major Special Revenue Funds are presented separately in the accompanying financial statements, with the remainder grouped as a single entity. The major Special Revenue Funds are as follows:

Highways - plans and supervises the construction and maintenance of the State highway system. It prepares and submits for approval the project statements for proposed construction of Federal aid highways.

Special Land and Development Fund - collects rent from leases, licenses and permits derived from public lands. It develops, improves and maintains the public lands under its control.

Farm Loan Revolving Fund - provides agricultural loans to promote the development of agriculture in Hawaii. It also guarantees farm loans provided by other established sources of credit in the State.

School Food Services - receives revenue from the sale of meals and Federal funding. It maintains and operates the public school cafeterias.

STATE OF HAWAII

EXHIBIT C-1

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
JUNE 30, 1986

ASSETS	Highways	Special Land And Development Fund	Farm Loan Revolving Fund	School Food Services	Other Special Revenue Funds	Total
CASH AND SHORT-TERM CASH INVESTMENTS	$ 32,565,116	$ 2,844,552	$ 10,927,552	$ 5,475,180	$ 105,507,244	$ 157,319,644
RECEIVABLES						
Accounts	-	-	-	-	61,905	61,905
Notes	-	-	14,226,957	-	51,520,261	65,747,218
Total receivables	-	-	14,226,957	-	51,582,166	65,809,123
INVESTMENTS	-	-	-	-	3,395,816	3,395,816
DUE FROM TRUST AND AGENCY FUNDS	86,855	-	-	-	-	86,855
OTHER ASSETS	-	-	1,152	-	24,000	25,152
TOTAL ASSETS	$ 32,651,971	$ 2,844,552	$ 25,155,661	$ 5,475,180	$ 160,509,226	$ 226,636,590
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Vouchers payable	974,933	16,451	138,697	424,614	3,618,862	5,173,557
Due to General Fund	-	-	-	-	551,000	551,000
Advances from General Fund	-	-	-	-	357,094	357,094
Total liabilities	974,933	16,451	138,697	424,614	4,526,956	6,081,651
FUND EQUITY						
Reserved for:						
Continuing appropriations:						
Unallotted appropriations	5,081,633	-	-	-	25,461,822	30,543,455
Unliquidated encumbrances	13,125,868	115,553	-	637,526	22,910,886	36,789,833
	18,207,501	115,553	-	637,526	48,372,708	67,333,288
Receivables	-	-	14,226,957	-	51,582,166	65,809,123
Investments	-	-	-	-	3,395,816	3,395,816
Other assets	-	-	1,152	-	24,000	25,152
	18,207,501	115,553	14,228,109	637,526	103,374,690	136,563,379
Unreserved fund balances	13,469,537	2,712,548	10,788,855	4,413,040	52,607,580	83,991,560
Total fund equity	31,677,038	2,828,101	25,016,964	5,050,566	155,982,270	220,554,939
TOTAL LIABILITIES AND FUND EQUITY	$ 32,651,971	$ 2,844,552	$ 25,155,661	$ 5,475,180	$ 160,509,226	$ 226,636,590

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED FUND BALANCES - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Highways	Special Land And Development Fund	Farm Loan Revolving Fund	School Food Services	Other Special Revenue Funds	Total
REVENUES						
Taxes						
General excise tax - Highways	$ 14,224,679	$ -	$ -	$ -	$ -	$ 14,224,679
Liquid fuel tax:						
Highways	38,030,827	-	-	-	-	38,030,827
Boating	-	-	-	-	621,388	621,388
Vehicle registration fee tax	5,078,452	-	-	-	-	5,078,452
State vehicle weight tax	9,923,163	-	-	-	-	9,923,163
Income tax designation for election campaign	-	-	-	-	145,102	145,102
Total taxes	67,257,121	-	-	-	766,490	68,023,611
Non-taxes						
Interest and investment income	389,489	166,163	-	-	9,568,849	10,124,501
Charges for current services	1,170,045	97,055	-	10,157,030	32,086,521	43,510,651
Intergovernmental	41,809,844	-	-	16,566,276	246,428,122	304,804,242
Rentals	1,502	1,560,762	-	-	4,198,039	5,760,303
Fines, forfeits and penalties	256,124	-	-	-	1,091,039	1,347,163
Licenses and fees	75,223	-	-	-	161,028	236,251
Revenues from private sources	-	-	-	-	854,727	854,727
Other	894,203	-	1,432,473	546	7,777,307	10,104,529
Total non-taxes	44,596,430	1,823,980	1,432,473	26,723,852	302,165,632	376,742,367
Total revenues	111,853,551	1,823,980	1,432,473	26,723,852	302,932,122	444,765,978
OTHER FINANCING SOURCES						
Operating transfers in from:						
General Fund	-	-	-	-	1,048,353	1,048,353
Debt Service Funds	-	-	-	-	5,391,271	5,391,271
Total other financing sources	-	-	-	-	6,439,624	6,439,624
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 111,853,551	$ 1,823,980	$ 1,432,473	$ 26,723,852	$ 309,371,746	$ 451,205,602

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED FUND BALANCES - SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Highways	Special Land And Development Fund	Farm Loan Revolving Fund	School Food Services	Other Special Revenue Funds	Total
EXPENDITURES						
General government	$ -	$ -	$ -	$ -	$ 5,536,159	$ 5,536,159
Public safety	-	-	-	-	27,331,602	27,331,602
Highways	61,300,230	-	-	-	14,733	61,314,963
Conservation of natural resources	-	780,818	1,005,803	-	3,120,990	4,907,611
Health	-	-	-	-	17,417,836	17,417,836
Welfare	-	-	-	-	148,287,619	148,287,619
Lower education	-	-	-	24,948,965	32,284,391	57,233,356
Other education	-	-	-	-	3,704,014	3,704,014
Culture and recreation	-	-	-	-	9,406,125	9,406,125
Urban redevelopment and housing	-	-	-	-	7,061,347	7,061,347
Economic development and assistance	-	-	-	-	19,882,085	19,882,085
Other	-	-	-	-	13,078,550	13,078,550
Total expenditures	61,300,230	780,818	1,005,803	24,948,965	287,125,451	375,161,267
OTHER FINANCING USES						
Operating transfers out to:						
Capital Projects Funds	41,036,732	-	-	-	-	41,036,732
State Hospitals Funds	-	-	-	-	395,938	395,938
Total other financing uses	41,036,732	-	-	-	395,938	41,432,670
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 102,336,962	$ 780,818	$ 1,005,803	$ 24,948,965	$ 287,521,389	$ 416,593,937

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED FUND BALANCES - SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Highways	Special Land And Development Fund	Farm Loan Revolving Fund	School Food Services	Other Special Revenue Funds	Total
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ 9,516,589	$ 1,043,162	$ 426,670	$ 1,774,887	$ 21,850,357	$ 34,611,665
Net transfers (to) from other Special Revenue Funds	(10,987)	-	750,000	(185,069)	(553,944)	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	9,505,602	1,043,162	1,176,670	1,589,818	21,296,413	34,611,665
OTHER CHANGES IN UNRESERVED FUND BALANCES						
Continuing appropriations, July 1, 1985	8,801,466	48,121	-	314,371	34,550,170	43,714,128
Continuing appropriations, June 30, 1986	18,207,501	115,553	-	637,526	48,372,708	67,333,288
Net change in continuing appropriations	(9,406,035)	(67,432)	-	(323,155)	(13,822,538)	(23,619,160)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES AND OTHER CHANGES IN UNRESERVED FUND BALANCES	99,567	975,730	1,176,670	1,266,663	7,473,875	10,992,505
UNRESERVED FUND BALANCES, JULY 1, 1985	13,369,970	1,736,818	9,612,185	3,146,377	45,133,705	72,999,055
UNRESERVED FUND BALANCES, JUNE 30, 1986	$ 13,469,537	$ 2,712,548	$ 10,788,855	$ 4,413,040	$ 52,607,580	$ 83,991,560

STATE OF HAWAII

EXHIBIT C-3

COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)
REVENUES			
Taxes			
General excise tax - Highways	$ 15,419,000	$ 14,224,679	$ (1,194,321)
Liquid fuel tax:			
Highways	29,524,000	38,030,827	8,506,827
Boating	526,000	621,388	95,388
Vehicle registration fee tax	675,000	5,078,452	4,403,452
State vehicle weight tax	8,912,000	9,923,163	1,011,163
Income tax designation for election campaign	680,000	145,102	(534,898)
Total taxes	55,736,000	68,023,611	12,287,611
Non-taxes			
Interest and investment income	7,039,180	10,124,501	3,085,321
Charges for current services	31,140,928	43,510,651	12,369,723
Intergovernmental	359,962,241	304,804,242	(55,157,999)
Rentals	3,336,385	5,760,303	2,423,918
Fines, forfeits and penalties	385,300	1,347,163	961,863
Licenses and fees	312,000	236,251	(75,749)
Revenues from private sources	39,000	854,727	815,727
Other	5,736,000	10,104,529	4,368,529
Total non-taxes	407,951,034	376,742,367	(31,208,667)
Total revenues	463,687,034	444,765,978	(18,921,056)
OTHER FINANCING SOURCES			
Operating transfers in from:			
General Fund	-	1,048,353	1,048,353
Debt Service Funds	-	5,391,271	5,391,271
Total other financing sources	-	6,439,624	6,439,624
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 463,687,034	$ 451,205,602	$ (12,481,432)

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Budget	Actual On A Budgetary Basis	Variance - Favorable (Unfavorable)
EXPENDITURES			
General government	$ 13,690,103	$ 3,051,479	$ 10,638,624
Public safety	26,899,375	22,900,538	3,998,837
Highways	66,409,918	62,958,544	3,451,374
Conservation of natural resources	3,893,768	2,979,628	914,140
Health	20,973,320	17,056,598	3,916,722
Welfare	173,389,330	151,456,594	21,932,736
Lower education	57,989,135	55,665,772	2,323,363
Other education	3,370,580	3,822,875	(452,295)
Culture and recreation	9,964,990	7,913,607	2,051,383
Economic development and assistance	22,282,465	18,028,509	4,253,956
Other	12,165,403	10,006,393	2,159,010
TOTAL EXPENDITURES	411,028,387	355,840,537	55,187,850
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ 52,658,647	$ 95,365,065	$ 42,706,418

STATE OF HAWAII

SCHEDULE C-4

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGETED AND ACTUAL - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

Functions Of Government	Actual Expenditures	Non-Budgeted Expenditures (Actual)	Budgeted Expenditures (Actual)	Encumbrances	Expenditures Adjusted For Encumbrances	Budgeted Expenditures	Variance - Favorable (Unfavorable)
General government	$ 5,536,159	$ 2,491,108	$ 3,045,051	$ 6,428	$ 3,051,479	$ 13,690,103	$ 10,638,624
Public safety	27,331,602	4,550,631	22,780,971	119,567	22,900,538	26,899,375	3,998,837
Highways	61,314,963	9,144,192	52,170,771	10,787,773	62,958,544	66,409,918	3,451,374
Conservation of natural resources	4,907,611	2,055,581	2,852,030	127,598	2,979,628	3,893,768	914,140
Health	17,417,836	2,715,383	14,702,453	2,354,145	17,056,598	20,973,320	3,916,722
Welfare	148,287,619	9,592,427	138,695,192	12,761,402	151,456,594	173,389,330	21,932,736
Lower education	57,233,356	4,548,193	52,685,163	2,980,609	55,665,772	57,989,135	2,323,363
Other education	3,704,014	41,339	3,662,675	160,200	3,822,875	3,370,580	(452,295)
Culture and recreation	9,406,125	1,962,019	7,444,106	469,501	7,913,607	9,964,990	2,051,383
Urban redevelopment and housing	7,061,347	7,061,347	-	-	-	-	-
Economic development and assistance	19,882,085	2,085,317	17,796,768	231,741	18,028,509	22,282,465	4,253,956
Other	13,078,550	3,262,006	9,816,544	189,849	10,006,393	12,165,403	2,159,010
Other financing uses - operating transfers out to:							
Capital Projects Funds	41,036,732	41,036,732	-	-	-	-	-
State Hospitals Funds	395,938	395,938	-	-	-	-	-
	$ 416,593,937	$ 90,942,213	$ 325,651,724	$ 30,188,813	$ 355,840,537	$ 411,028,387	$ 55,187,850

DEBT SERVICE FUNDS

The Debt Service Funds category is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest of reimbursable general obligation bonds, as well as regular general obligation bonds. The Debt Service Funds consist of the following:

General Obligation Bonds Serviced by General Fund - accounts for operating transfers from the General Fund for periodic payment of interest and principal of general obligation bonds and related costs.

General Obligation Bonds Serviced by Other Funds - several funds utilize the proceeds from general obligation bonds to finance capital expenditures and provide housing loans. These funds pay for their proportionate share of interest and principal. The funds are comprised of the following:

- Department of Transportation:
  - Airports Division
  - Harbors Division
- Off-Street Parking
- University Funds
- Hawaii Housing Authority Fund

STATE OF HAWAII

EXHIBIT D-1

COMBINING BALANCE SHEET - DEBT SERVICE FUNDS
JUNE 30, 1986

ASSETS	General	General Obligation Bonds Serviced By Other Funds: Airports	Harbors	Off-Street Parking	University	Hawaii Housing Authority	Total
CASH AND SHORT-TERM CASH INVESTMENTS	$ 24,803,315	$ -	$ -	$ -	$ -	$ -	$ 24,803,315
DUE FROM GENERAL FUND	43,440	-	-	-	-	-	43,440
OTHER - loans for issued general obligation bonds	158,143,758	37,932,866	17,558,902	3,998,147	27,580,992	-	245,214,665
TOTAL ASSETS	$ 182,990,513	$ 37,932,866	$ 17,558,902	$ 3,998,147	$ 27,580,992	$ -	$ 270,061,420
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Matured bond principal payable	11,766,843	-	-	-	-	-	11,766,843
Matured bond interest payable	13,036,072	-	-	-	-	-	13,036,072
Other	400	-	-	-	-	-	400
Total liabilities	24,803,315	-	-	-	-	-	24,803,315
FUND EQUITY							
Reserved for:							
Continuing appropriations	43,440	-	-	-	-	-	43,440
Bond redemption	158,143,758	-	-	3,998,147	-	-	162,141,905
Bond fund loans to Proprietary Fund Types	-	37,932,866	17,558,902	-	27,580,992	-	83,072,760
Total fund equity	158,187,198	37,932,866	17,558,902	3,998,147	27,580,992	-	245,258,105
TOTAL LIABILITIES AND FUND EQUITY	$ 182,990,513	$ 37,932,866	$ 17,558,902	$ 3,998,147	$ 27,580,992	$ -	$ 270,061,420

STATE OF HAWAII

EXHIBIT D-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED FUND BALANCES - DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

		General Obligation Bonds Serviced By Other Funds					
	General	Airports	Harbors	Off-Street Parking	University	Hawaii Housing Authority	Total
REVENUES							
Contribution from agencies participating in debt service requirements	$ 23,717,424	$ 6,326,231	$ 3,624,810	$ 610,910	$ 2,089,591	$ 3,994,146	$ 40,363,112
OTHER FINANCING SOURCES							
Proceeds from refunding general obligation bonds	74,900,000	-	-	-	-	-	74,900,000
Operating transfers in from General Fund:							
Appropriation for debt service from Act 301, SLH 1983 as amended by Act 285, SLH 1984	245,753,713	-	-	-	-	-	245,753,713
Less unrequired balance of General Fund appropriation lapsed.	1,773,953	-	-	-	-	-	1,773,953
Total operating transfers in from General Fund	243,979,760	-	-	-	-	-	243,979,760
Total other financing sources	318,879,760	-	-	-	-	-	318,879,760
TOTAL REVENUES AND OTHER FINANCING SOURCES	342,597,184	6,326,231	3,624,810	610,910	2,089,591	3,994,146	359,242,872
EXPENDITURES							
Redemption of serial bonds	116,734,270	-	-	-	-	-	116,734,270
Interest on bonds	117,195,895	-	-	-	-	-	117,195,895
Fiscal agents' fees and other expenses	309,339	-	-	-	-	-	309,339
Total expenditures	234,239,504	-	-	-	-	-	234,239,504
OTHER FINANCING USES							
Payment to trustee for bond redemption	84,626,965	-	-	-	-	-	84,626,965
Operating transfers out to General Fund - agencies' debt service contributions on general obligation bond debt service fully appropriated from General Fund	23,717,424	6,326,231	3,624,810	610,910	2,089,591	3,994,146	40,363,112
Operating transfers out to Special Revenue Funds - restricted but undesignated Off-Street Parking Funds	-	-	-	5,391,271	-	-	5,391,271
Total other financing uses	108,344,389	6,326,231	3,624,810	6,002,181	2,089,591	3,994,146	130,381,348
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 342,583,893	$ 6,326,231	$ 3,624,810	$ 6,002,181	$ 2,089,591	$ 3,994,146	$ 364,620,852

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED FUND BALANCES - DEBT SERVICE FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

		General Obligation Bonds Serviced By Other Funds					
	General	Airports	Harbors	Off-Street Parking	University	Hawaii Housing Authority	Total
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ 13,291	$ -	$ -	$ (5,391,271)	$ -	$ -	$ (5,377,980)
OTHER CHANGES IN UNRESERVED FUND BALANCES							
Continuing appropriations reserved for bond redemption, July 1, 1985	30,149	-	-	-	-	-	30,149
Continuing appropriations reserved for bond redemption, June 30, 1986	43,440	-	-	-	-	-	43,440
Net change in continuing appropriations reserved for bond redemption	(13,291)	-	-	-	-	-	(13,291)
Decrease in reserve for bond redemption	-	-	-	5,391,271	-	-	5,391,271
TOTAL OTHER CHANGES IN UNRESERVED FUND BALANCES	(13,291)	-	-	5,391,271	-	-	5,377,980
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES AND OTHER CHANGES IN UNRESERVED FUND BALANCES	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES, JULY 1, 1985	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES, JUNE 30, 1986	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CAPITAL PROJECTS FUNDS

The Capital Projects Funds category is used to account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed under Proprietary Fund Types.

STATE OF HAWAII

EXHIBIT E-1

BALANCE SHEET - CAPITAL PROJECTS FUNDS
JUNE 30, 1986

ASSETS		
CASH	$ 189,062,724	
DUE FROM ENTERPRISE FUNDS	336,385	
TOTAL ASSETS		$ 189,399,109
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Vouchers payable	12,711,154	
Due to Enterprise Funds	210,972	
Due to University Funds	1,650,000	
Total liabilities		14,572,126
FUND EQUITY		
Reserved for continuing appropriations:		
Unallotted appropriations	205,411,982	
Unencumbered allotments	26,791,023	
Unliquidated encumbrances	201,999,179	
	434,202,184	
Reserved for Federal aid highway projects encumbrances	46,989,286	
		481,191,470
Unreserved		(306,364,487)
Total fund equity		174,826,983
TOTAL LIABILITIES AND FUND EQUITY		$ 189,399,109

STATE OF HAWAII

EXHIBIT E-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED FUND BALANCES (DEFICIT) - CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

FINANCING SOURCES		
Proceeds from general obligation bonds	$ 145,062,912	
Contributions from property owners	3,600,000	
Operating transfers in from Special Revenue Funds	41,036,732	
TOTAL FINANCING SOURCES		$ 189,699,644
EXPENDITURES		
General government	15,417,283	
Public safety	29,254,694	
Highways	58,005,039	
Conservation of natural resources	7,186,541	
Health	3,293,331	
Welfare	73,680	
Education:		
Lower	25,242,213	
Higher	16,793,612	
Other	3,000	
Culture and recreation	8,805,119	
Urban redevelopment and housing	4,129,696	
Economic development and assistance	10,182,886	
Total expenditures		178,387,094
OTHER FINANCING USES - Operating transfers out to State Hospitals Funds		850,035
TOTAL EXPENDITURES AND OTHER FINANCING USES		179,237,129
EXCESS OF FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES		10,462,515
OTHER CHANGES IN UNRESERVED FUND DEFICIT		
Continuing appropriations, July 1, 1985	440,494,676	
Continuing appropriations, June 30, 1986	434,202,184	
	6,292,492	
Decrease in reserve for Federal aid highway projects encumbrances	10,626,729	
Total changes in unreserved fund deficit		16,919,221
EXCESS OF FINANCING SOURCES AND OTHER CHANGES IN UNRESERVED FUND DEFICIT OVER EXPENDITURES AND OTHER FINANCING USES		27,381,736
UNRESERVED FUND DEFICIT, JULY 1, 1985		(333,746,223)
UNRESERVED FUND DEFICIT, JUNE 30, 1986		$ (306,364,487)

STATE OF HAWAII

SCHEDULE E-3

SUPPLEMENTARY SCHEDULE OF RECONCILIATION
WITH BONDS ISSUED - CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Bonds Issued	Appropriations	Transfers	Expenditures		Lapses	Balances
				Prior Years	Current Year		
GENERAL OBLIGATION BONDS							
General government . .	$ 240,269,162	$ 292,715,586	$ (4,717,113)	$ 198,642,866	$ 15,417,283	$ 29,266,026	$ 44,672,298
Public safety	107,075,930	138,802,779	2,501,763	56,827,662	29,254,694	6,931,941	48,290,245
Highways	278,340,972	383,030,225	600,000	270,690,605	17,134,666	31,389,419	64,415,535
Conservation of natural resources	139,607,029	159,321,562	(619,071)	127,039,672	7,186,541	20,467,255	4,009,023
Health	79,314,644	123,405,984	466,280	70,317,429	3,079,850	39,738,970	10,736,015
Hospitals	112,075,215	122,863,907	1,194,000	103,751,802	1,063,517	10,093,876	9,148,712
Welfare	531,653	672,653	15,000	324,978	85,674	133,930	143,071
Education:							
Lower	458,124,068	537,658,084	(2,395,140)	420,002,769	25,242,213	44,332,690	45,685,272
Higher.	371,283,058	411,754,138	1,938,674	341,088,838	16,935,650	23,631,364	32,036,960
Other	5,089,707	5,220,494	-	5,119,207	3,000	95,788	2,499
Subtotal for education	834,496,833	954,632,716	(456,466)	766,210,814	42,180,863	68,059,842	77,724,731
Culture and recreation	230,804,341	274,245,911	286,465	210,722,207	8,805,119	30,424,843	24,580,207
Urban redevelopment and housing	110,864,858	119,883,515	(18,000)	102,401,325	4,185,363	3,767,147	9,511,680
Economic development and assistance . . .	101,333,257	121,362,018	747,142	40,526,173	9,968,640	9,455,572	62,158,775
Airports	68,502,510	69,055,434	-	68,815,571	22,657	216,539	667
Water transport and terminals	52,020,032	52,208,964	-	45,832,146	2,313,660	1,969,140	2,094,018
Other	8,349,127	90,000	-	90,000	-	-	-
Total general obligation bonds	$ 2,363,585,563	$ 2,812,291,254	$ -	$ 2,062,193,250	$ 140.698,527	$ 251,914,500	$ 357,484,977

STATE OF HAWAII

SUPPLEMENTARY SCHEDULE OF RECONCILIATION
WITH BONDS ISSUED - CAPITAL PROJECTS FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Bonds Issued	Appropriations	Transfers	Expenditures Prior Years	Expenditures Current Year	Lapses	Balances
REVENUE BONDS							
Health	$ -	$ 30,320,000	$ -	$ -	$ -	$ -	$ 30,320,000
Hospitals	-	10,900,000	-	-	-	-	10,900,000
Higher education	8,910,000	9,279,714	-	6,350,146	-	122,569	2,806,999
Urban redevelopment and housing	544,900,000	1,086,500,000	-	471,000,000	70,408,000	-	545,092,000
Economic development and assistance	-	204,432,000	-	-	-	87,927,000	116,505,000
Airports	334,093,455	458,674,839	-	198,624,397	42,672,264	72,015,299	145,362,879
Water transport and terminals	43,504,290	70,816,392	-	41,155,175	2,188,465	9,230,202	18,242,550
Total revenue bonds	930,507,745	1,870,922,945	-	717,129,718	115,268,729	169,295,070	869,229,428
TOTAL ALL BONDS	$ 3,294,093,308	$ 4,683,214,199	$ -	$ 2,779,322,968	255,967,256	$ 421,209,570	1,226,714,405
Reconciliation with Capital Projects Funds:							
Add: Highways programs					40,870,373		46,989,285
Subtotal					296,837,629		1,273,703,690
Deduct:							
Enterprise Funds:							
Airports					42,480,675		145,577,791
Harbors - commercial					4,502,124		20,336,568
Total Enterprise Funds					46,982,799		165,914,359
Hawaii Housing Authority					70,475,664		515,370,948
University					142,037		1,761,913
State Hospitals					850,035		-
Special purpose revenue bonds not included in financial statements					-		109,465,000
					$ 178,387,094		$ 481,191,470

ENTERPRISE FUNDS

The Enterprise Funds category is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the costs of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The Enterprise Funds are comprised of the following:

Department of Transportation - Airports Division - responsible for the equipment, regulation and operation of the State airports as a financially self-sustaining system. It also plans, designs and constructs new, expanded airports and improves existing facilities. The division also promotes aeronautical safety in the State.

Department of Transportation - Harbors Division - fosters the development of water transportation in Hawaii. The division supervises and maintains the harbor operations and plans the construction of new harbor facilities. It maintains control over ocean shores and promotes navigational safety.

STATE OF HAWAII

EXHIBIT F-1

COMBINING BALANCE SHEET - ENTERPRISE FUNDS
JUNE 30, 1986

ASSETS	Airports	Harbors	Total
CURRENT ASSETS			
Cash and short-term cash investments	$ 96,163,149	$ 16,966,084	$ 113,129,233
Receivables:			
Aviation fuel tax	763,202	-	763,202
Accounts (net of allowance for doubtful accounts of $2,190,000)	14,611,267	2,642,855	17,254,122
Accrued interest	1,988,252	415,815	2,404,067
Claims - Federal grants	1,688,752	-	1,688,752
Other	-	32,821	32,821
Due from Capital Projects Funds	-	210,972	210,972
Investments	-	224,490	224,490
Inventory of materials and supplies, at cost	175,370	54,378	229,748
Prepaid expenses	1,198	298,360	299,558
Total current assets	115,391,190	20,845,775	136,236,965
RESTRICTED ASSETS			
Cash and short-term cash investments	145,204,876	14,656,817	159,861,693
Investments:			
U. S. Government securities	41,212,315	9,499,778	50,712,093
Net direct financing leases	10,038,634	16,941,512	26,980,146
Accrued interest	144,147	-	144,147
Total restricted assets	196,599,972	41,098,107	237,698,079
PROPERTY, PLANT AND EQUIPMENT			
Land and land improvements	291,739,182	65,801,289	357,540,471
Buildings and other improvements	241,910,130	93,041,142	334,951,272
Machinery and equipment	13,198,707	2,136,892	15,335,599
	546,848,019	160,979,323	707,827,342
Less accumulated depreciation	165,375,239	42,301,769	207,677,008
	381,472,780	118,677,554	500,150,334
Construction in progress	136,525,279	64,067,806	200,593,085
Net property, plant and equipment	517,998,059	182,745,360	700,743,419
OTHER ASSETS - unamortized bond and note issue costs	3,712,792	1,051,145	4,763,937
TOTAL ASSETS	$ 833,702,013	$ 245,740,387	$ 1,079,442,400

STATE OF HAWAII

COMBINING BALANCE SHEET - ENTERPRISE FUNDS (Continued)
JUNE 30, 1986

LIABILITIES AND FUND EQUITY	Airports	Harbors	Total
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)			
Vouchers and contracts payable, including retainages	$ 5,262,696	$ 452,562	$ 5,715,258
Other accrued liabilities	3,792,791	1,160,429	4,953,220
Prepaid airport use charge	15,986,804	-	15,986,804
General obligation bonds payable, current portion	3,824,691	-	3,824,691
Due to General Fund	-	10,000	10,000
Total current liabilities (payable from current assets)	28,866,982	1,622,991	30,489,973
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)			
Contracts payable and other	5,670,229	647,307	6,317,536
Accrued interest	19,680,343	2,997,051	22,677,394
Matured revenue bonds and interest coupons payable	85,000	122,699	207,699
General obligation bonds payable, current portion	-	2,108,216	2,108,216
Revenue bonds payable, current portion	27,085,000	2,766,157	29,851,157
Due to General Fund	24,655	-	24,655
Due to Capital Projects Funds	336,385	-	336,385
Total current liabilities (payable from restricted assets)	52,881,612	8,641,430	61,523,042
LONG-TERM LIABILITIES (NET OF CURRENT PORTION)			
Revenue bonds payable (net of unamortized discount)	400,506,878	70,707,908	471,214,786
General obligation bonds payable	34,108,175	15,450,686	49,558,861
Total long-term liabilities	434,615,053	86,158,594	520,773,647
Total liabilities	516,363,647	96,423,015	612,786,662
FUND EQUITY			
Contributed capital:			
Federal grants	134,021,827	54,701,513	188,723,340
State grants	4,176,237	21,322,836	25,499,073
Other	5,038,146	334,167	5,372,313
	143,236,210	76,358,516	219,594,726
Less accumulated depreciation	21,875,598	3,770,183	25,645,781
Total contributed capital	121,360,612	72,588,333	193,948,945
Retained earnings:			
Reserved for bond requirements and other	52,873,170	9,625,058	62,498,228
Unreserved	143,104,584	67,103,981	210,208,565
Total retained earnings	195,977,754	76,729,039	272,706,793
Total fund equity	317,338,366	149,317,372	466,655,738
TOTAL LIABILITIES AND FUND EQUITY	$ 833,702,013	$ 245,740,387	$ 1,079,442,400

COMBINING STATEMENT OF REVENUES AND EXPENSES - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Airports	Harbors	Total
OPERATING REVENUES			
Concession fees	$ 70,744,463	$ -	$ 70,744,463
Airport use charge	14,173,522	-	14,173,522
Rentals	12,786,696	9,852,354	22,639,050
Aviation fuel tax	5,936,654	-	5,936,654
Services and others	2,087,408	13,132,682	15,220,090
Total operating revenues	105,728,743	22,985,036	128,713,779
OPERATING EXPENSES			
Personal services	26,591,626	5,051,846	31,643,472
Depreciation	15,644,189	2,847,844	18,492,033
Repairs and maintenance	5,005,954	3,461,741	8,467,695
State of Hawaii surcharge for central services expenses	3,589,442	740,738	4,330,180
Department of Transportation administrative expenses	1,629.992	573,688	2,203,680
Airports operations	11,793,565	-	11,793,565
Harbors operations	-	1,258,897	1,258,897
Fireboat operations	-	923,615	923,615
General administration	-	1,274,286	1,274,286
Other	615,338	174,284	789,622
Total operating expenses	64,870,106	16,306,939	81,177,045
Operating income	40,858,637	6,678,097	47,536,734
NONOPERATING REVENUES (EXPENSES)			
Interest income	19,098,265	4,173,473	23,271,738
Interest expense:			
Revenue bonds	(25,915,172)	(5,576,926)	(31,492,098)
General obligation bonds	(1,940,900)	(1,002,349)	(2,943,249)
Amortization of bond discount and note issue costs	-	(77,901)	(77,901)
Other	(176,448)	138,502	(37,946)
Total nonoperating revenues (expenses)	(8,934,255)	(2,345,201)	(11,279,456)
NET INCOME FOR THE FISCAL YEAR	$ 31,924,382	$ 4,332,896	$ 36,257,278

STATE OF HAWAII

EXHIBIT F-3

COMBINING STATEMENT OF CHANGES IN FUND EQUITY - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Airports	Harbors	Total
FUND EQUITY, JULY 1, 1985			
Contributed capital	$ 117,850,857	$ 69,547,512	$ 187,398,369
Retained earnings	160,879,859	72,295,786	233,175,645
	278,730,716	141,843,298	420,574,014
CHANGES IN CONTRIBUTED CAPITAL			
Federal and State grants	8,940,122	3,123,366	12,063,488
Airport lessees	(2,256,854)	-	(2,256,854)
Transfer of depreciation from retained earnings	(3,173,513)	(82,545)	(3,256,058)
	3,509,755	3,040,821	6,550,576
CHANGES IN RETAINED EARNINGS			
Net income for the fiscal year	31,924,382	4,332,896	36,257,278
Transfer of depreciation to contributed capital account	3,173,513	82,545	3,256,058
Decrease in valuation allowance on investments in revenue bond reserve account	-	17,812	17,812
	35,097,895	4,433,253	39,531,148
FUND EQUITY, JUNE 30, 1986			
Contributed capital	121,360,612	72,588,333	193,948,945
Retained earnings	195,977,754	76,729,039	272,706,793
	$ 317,338,366	$ 149,317,372	$ 466,655,738

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Airports	Harbors	Total
SOURCES OF WORKING CAPITAL			
Operations:			
Net income for the fiscal year	$ 31,924,382	$ 4,332,896	$ 36,257,278
Items not requiring use of (providing) working capital:			
Depreciation	15,644,189	2,847,844	18,492,033
Amortization of bond discount and bond and note issue costs	384,589	77,901	462,490
Loss on disposal of facilities	-	174,284	174,284
Earnings on investment in direct financing leases and other	-	(116,576)	(116,576)
Working capital provided from operations	47,953,160	7,316,349	55,269,509
Contributed capital - Federal and State grants	8,940,122	3,123,366	12,063,488
Revenue bond proceeds	35,000,000	-	35,000,000
General obligation bond proceeds	2,206,832	-	2,206,832
Net decrease in restricted assets	652,991	-	652,991
Net increase in liabilities payable from restricted assets	452,291	393,484	845,775
Other	162,494	-	162,494
Total sources of working capital	95,367,890	10,833,199	106,201,089
USES OF WORKING CAPITAL			
Acquisition of property, plant and equipment	65,023,876	5,634,267	70,658,143
Redemptions and current maturities of long-term debt	13,493,738	4,903,215	18,396,953
Net increase in restricted assets	-	3,561,881	3,561,881
Increase in bond issue cost	1,071,272	-	1,071,272
Decrease in contributed capital - airport lessees	2,256,854	-	2,256,854
Total uses of working capital	81,845,740	14,099,363	95,945,103
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ 13,522,150	$ (3,266,164)	$ 10,255,986
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL			
Current assets:			
Cash and short-term cash investments	16,375,781	(1,917,089)	14,458,692
Receivables	8,121,921	(698,023)	7,423,898
Investments	-	(992,620)	(992,620)
Inventory of materials and supplies	12,834	23,773	36,607
Prepaid expenses	(11,749)	184,685	172,936
Current liabilities:			
Vouchers and contracts payable	539,823	153,255	693,078
Other accrued liabilities	(352,649)	(20,145)	(372,794)
Prepaid airport use charge	(11,179,918)	-	(11,179,918)
General obligation bonds payable, current portion	16,107	-	16,107
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ 13,522,150	$ (3,266,164)	$ 10,255,986

HAWAII HOUSING AUTHORITY FUND

The Hawaii Housing Authority (HHA) is a constituent corporate unit of the Department of Social Services and Housing. The HHA Fund category is used to account for transactions relating to HHA's rent supplement programs, land reform programs, development and administration of State and Federal rental housing projects, State-financed dwelling unit sales and issuance of mortgage revenue bonds.

STATE OF HAWAII

EXHIBIT G-1

BALANCE SHEET - HAWAII HOUSING AUTHORITY FUND
JUNE 30, 1986

ASSETS

CASH AND SHORT-TERM CASH INVESTMENTS		$ 3,983,214
RECEIVABLES		
Accrued interest	$ 6,937,189	
Notes and loans	304,223,734	
U. S. Department of Housing and Urban Development (HUD)	10,716,602	
Other	2,782,199	
		324,659,724
INVESTMENTS		43,055,356
INVENTORIES		
Supplies	259,247	
Dwelling units	6,517,478	
Land held for future development	22,288,345	
		29,065,070
PREPAID EXPENSES		530,679
RESTRICTED ASSETS HELD BY TRUSTEE		
Cash	59,510,627	
Investments	146,833,911	
		206,344,538
PROPERTY, PLANT AND EQUIPMENT		
Land	31,074,310	
Buildings and improvements	157,094,121	
Machinery and equipment	5,198,209	
Construction in progress	800,820	
	194,167,460	
Less accumulated depreciation	60,405,779	
Net property, plant and equipment		133,761,681
DEFERRED BOND ISSUE COSTS		9,534,668
OTHER ASSETS		2,578,534
TOTAL ASSETS		$ 753,513,464

STATE OF HAWAII

BALANCE SHEET - HAWAII HOUSING AUTHORITY FUND (Continued)
JUNE 30, 1986

LIABILITIES AND FUND EQUITY

LIABILITIES		
Vouchers payable		$ 228,528
Accrued expenses:		
Interest	$ 26,454,387	
Other	2,267,103	
		28,721,490
Advances from HUD and other:		
Advances from HUD	20,634	
Other advances	1,912,850	
Security deposits	3,034,980	
		4,968,464
Revenue bonds payable		464,510,000
Notes payable		522,487
Deferred commitment fees		919,615
Liabilities collateralized by HUD annual contributions		113,797,463
Other		2,026,405
Total liabilities		615,694,452
FUND EQUITY		
Contributed capital:		
Federal grants	43,710,198	
State grants	146,038,094	
Other	2,048,455	
	191,796,747	
Less accumulated depreciation	46,916,598	
	144,880,149	
Accumulated deficit	(7,061,137)	
Total fund equity		137,819,012
TOTAL LIABILITIES AND FUND EQUITY		$ 753,513,464

STATE OF HAWAII

EXHIBIT G-2

STATEMENT OF REVENUES AND EXPENSES - HAWAII HOUSING AUTHORITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

OPERATING REVENUES		
Interest	$ 52,970,076	
Sales of dwelling units	6,552,984	
Rental	14,027,348	
Commitment fees	639,743	
Other	4,290,466	
Total operating revenues		$ 78,480,617
OPERATING EXPENSES		
Interest	54,879,707	
Cost of sales - dwelling units	5,050,476	
Personnel services	2,794,269	
Repairs and maintenance	3,646,413	
Depreciation	5,938,884	
Utilities	4,588,399	
Professional services	174,436	
Loan servicing fee	926,392	
Administration	2,633,786	
Housing assistance payments	8,065,211	
Amortization of bond issue costs	489,024	
Other	4,455,061	
Total operating expenses		93,642,058
Operating loss		(15,161,441)
NONOPERATING REVENUES		
HUD annual contributions	17,183,511	
Operating transfers in from General Fund	1,097,906	
Total nonoperating revenues		18,281,417
Income before extraordinary item		3,119,976
EXTRAORDINARY ITEM - loss from early redemption of revenue bonds payable		(1,330,225)
NET INCOME FOR THE FISCAL YEAR		$ 1,789,751

STATE OF HAWAII

EXHIBIT G-3

STATEMENT OF CHANGES IN FUND EQUITY - HAWAII HOUSING AUTHORITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Contributed Capital	Accumulated Deficit	Total Fund Equity
BALANCE (DEFICIT), JULY 1, 1985, AS PREVIOUSLY REPORTED	$ 144,194,886	$ (15,497,719)	$ 128,697,167
Adjustment - Hawaii Housing Authority Special Assistance Fund	-	790,650	790,650
BALANCE (DEFICIT), JULY 1, 1985, AS RESTATED	144,194,886	(14,707,069)	129,487,817
Net income for the fiscal year	-	1,789,751	1,789,751
HUD annual contributions	4,519,936	-	4,519,936
State and other grants	2,021,508	-	2,021,508
Transfer of depreciation	(5,856,181)	5,856,181	-
BALANCE (DEFICIT), JUNE 30, 1986	$ 144,880,149	$ (7,061,137)	$ 137,819,012

STATE OF HAWAII

EXHIBIT G-4

STATEMENT OF CHANGES IN FINANCIAL POSITION -
HAWAII HOUSING AUTHORITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

SOURCES OF CASH		
Cash provided from operations:		
Income before extraordinary item		$ 3,119,976
Items not requiring use of (providing) cash:		
Depreciation	$ 5,938,884	
Amortization	489,024	
Increase in accrued interest payable	2,058,261	
Decrease in accrued interest receivable	3,558,104	
Decrease in deferred commitment fees	(372,558)	
		11,671,715
Cash provided from operations before extraordinary item		14,791,691
Extraordinary item:		
Loss from early redemption of revenue bonds payable	(1,330,225)	
Add noncash amount related to write-off of deferred bond issue costs	1,330,225	
		-
Cash provided from operations		14,791,691
Dispositions of property, plant and equipment, net	292,620	
Repayment of notes and loans receivable	21,936,774	
Additions to deferred commitment fees	318,000	
Increase in contributed capital	6,541,444	
Proceeds from sale of revenue bonds	106,100,000	
Decrease in investments	6,747,844	
Additions to HUD secured liabilities	4,989,397	
Decrease in cash held by trustee	82,899	
Decrease in other assets	125,323	
		147,134,301
Total sources of cash		$ 161,925,992

STATE OF HAWAII

STATEMENT OF CHANGES IN FINANCIAL POSITION -
HAWAII HOUSING AUTHORITY FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

USES OF CASH		
Increase in assets held by trustee	$ 15,779,619	
Increase in notes and loans receivble	72,469,657	
Additions to property, plant and equipment	6,129,856	
Redemption of revenue bonds	49,910,000	
Increase in deferred bond issue costs	2,087,741	
Increase in HUD annual contributions receivable	3,551,493	
Payments of liabilities collateralized by HUD annual contributions	6,203,251	
Increase in dwelling unit inventory	2,064,947	
Increase in land held for future development	12,685	
Decrease in security deposits	53,899	
Increase in advances due from lessees	369,737	
Decreases in other liabilities	3,475,548	
Total uses of cash		$ 162,108,433
Net decrease in cash		(182,441)
CASH BALANCE, JULY 1, 1985		4,165,655
CASH BALANCE, JUNE 30, 1986		$ 3,983,214

STATE HOSPITALS FUNDS

The State Hospitals Funds category is used to account for all transactions relating to hospitals owned and operated as hospital enterprises by the State. The funds are comprised of the following hospitals:

Hilo Hospital (Hilo)
Honokaa Hospital
Ka'u Hospital
Kauai Veterans Memorial Hospital
Kohala Hospital
Kona Hospital
Kula Hospital
Lanai Community Hospital
Leahi Hospital
Samuel Mahelona Memorial Hospital
Maluhia Hospital
Maui Memorial Hospital and Hana Medical Center (Maui Memorial)

STATE OF HAWAII

EXHIBIT H-1

COMBINING BALANCE SHEET - STATE HOSPITALS FUNDS
JUNE 30, 1986

ASSETS	Maui Memorial	Hilo	All Others	Total
UNRESTRICTED FUND				
Current assets:				
Cash	$ 4,763,724	$ 1,754,290	$ 7,296,698	$ 13,814,712
Accounts receivable (net of allowance for doubtful accounts of $15,649,299)	6,095,176	7,148,783	15,014,633	28,258,592
Other receivables	-	-	381,680	381,680
Inventories	647,133	622,532	871,704	2,141,369
Prepaid expenses and deposits	-	-	143,776	143,776
Total current assets	11,506,033	9,525,605	23,708,491	44,740,129
Property, plant and equipment:				
Land and land improvements	212,684	950,565	747,085	1,910,334
Buildings	12,910,912	32,294,872	31,447,843	76,653,627
Machinery and equipment	8,251,113	24,047,225	12,507,245	44,805,583
	21,374,709	57,292,662	44,702,173	123,369,544
Less accumulated depreciation	(6,030,997)	(9,653,859)	(17,353,094)	(33,037,950)
	15,343,712	47,638,803	27,349,079	90,331,594
Construction in progress	249,946	115,493	993,017	1,358,456
Total property, plant and equipment	15,593,658	47,754,296	28,342,096	91,690,050
Total unrestricted assets	27,099,691	57,279,901	52,050,587	136,430,179
RESTRICTED FUNDS - cash	99,143	220,904	124,328	444,375
TOTAL ASSETS	$ 27,198,834	$ 57,500,805	$ 52,174,915	$ 136,874,554

STATE OF HAWAII

COMBINING BALANCE SHEET - STATE HOSPITALS FUNDS (Continued)
JUNE 30, 1986

LIABILITIES AND FUND BALANCES	Maui Memorial	Hilo	All Others	Total
UNRESTRICTED FUND				
Current liabilities:				
Accounts payable	$ 552,061	$ 610,950	$ 1,408,789	$ 2,571,800
Accrued vacation payable	1,194,101	1,809,815	4,441,390	7,445,306
Other accrued liabilities	6,689,457	8,110,036	13,305,708	28,105,201
Custodial funds and deposits	-	41,784	159,533	201,317
Advances from General Fund	1,522,798	1,805,313	8,329,187	11,657,298
Total current liabilities	9,958,417	12,377,898	27,644,607	49,980,922
FUND BALANCES				
Restricted	99,143	220,904	124,328	444,375
Unrestricted	17,141,274	44,902,003	24,405,980	86,449,257
Total fund balances	17,240,417	45,122,907	24,530,308	86,893,632
TOTAL LIABILITIES AND FUND BALANCES	$ 27,198,834	$ 57,500,805	$ 52,174,915	$ 136,874,554

STATE OF HAWAII

EXHIBIT H-2

COMBINING STATEMENT OF REVENUES AND EXPENSES -
STATE HOSPITALS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Maui Memorial	Hilo	All Others	Total
OPERATING REVENUES				
Patients service revenue	$ 23,684,024	$ 27,439,534	$ 39,870,888	$ 90,994,446
Contractual and other allowances, and adjustments	(2,203,711)	(3,808,329)	(6,727,793)	(12,739,833)
Net revenue from services to patients	21,480,313	23,631,205	33,143,095	78,254,613
Other operating revenues	274,395	627,991	472,132	1,374,518
Total operating revenues	21,754,708	24,259,196	33,615,227	79,629,131
OPERATING EXPENSES				
Nursing services	5,555,112	6,327,718	16,138,334	28,021,164
Other professional services	5,475,926	6,243,234	6,289,068	18,008,228
General services	2,704,202	3,439,287	10,071,276	16,214,765
Fiscal and administrative	5,796,967	7,525,589	9,478,722	22,801,278
Other services	-	-	115,232	115,232
Depreciation	824,009	2,427,778	1,867,429	5,119,216
Other	71,324	-	1,886	73,210
Total operating expenses	20,427,540	25,963,606	43,961,947	90,353,093
Income (loss) from operations	1,327,168	(1,704,410)	(10,346,720)	(10,723,962)
NONOPERATING REVENUES (EXPENSES)				
Operating transfers in from General Fund	352,705	418,367	10,308,182	11,079,254
Advances due to General Fund	-	-	(2,009,514)	(2,009,514)
Donations and grants	-	10,106	213,796	223,902
Other	(207,500)	(174,384)	1,015,698	633,814
Total nonoperating revenues over expenses	145,205	254,089	9,528,162	9,927,456
EXCESS OF REVENUES OVER (UNDER) EXPENSES	$ 1,472,373	$ (1,450,321)	$ (818,558)	$ (796,506)

STATE OF HAWAII

EXHIBIT H-3

COMBINING STATEMENT OF CHANGES IN FUND BALANCES -
STATE HOSPITALS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Maui Memorial	Hilo	All Others	Total
UNRESTRICTED FUND				
FUND BALANCES, JULY 1, 1985	$ 15,307,913	$ 36,428,842	$ 23,915,303	$ 75,652,058
Excess of revenues over (under) expenses	1,472,373	(1,450,321)	(818,558)	(796,506)
Building improvements from other State agencies	-	7,720,693	-	7,720,693
Transfers in from:				
Special Revenue Funds	-	73,293	322,645	395,938
Capital Projects Funds	-	259,731	590,304	850,035
Transfers from restricted funds	389,613	1,784,450	342,958	2,517,021
Transfers to restricted funds	(28,625)	-	(31,147)	(59,772)
Net transfer of equipment from State and other	-	85,315	84,475	169,790
FUND BALANCES, JUNE 30, 1986	$ 17,141,274	$ 44,902,003	$ 24,405,980	$ 86,449,257
RESTRICTED FUNDS				
FUND BALANCES, JULY 1, 1985	459,949	2,007,482	424,379	2,891,810
Restricted gifts and bequests	-	6,455	11,760	18,215
Specific purpose funds receipts (disbursements)	182	(8,583)	-	(8,401)
Transfers from unrestricted fund	28,625	-	31,147	59,772
Transfers to unrestricted fund	(389,613)	(1,784,450)	(342,958)	(2,517,021)
FUND BALANCES, JUNE 30, 1986	$ 99,143	$ 220,904	$ 124,328	$ 444,375

STATE OF HAWAII

EXHIBIT H-4

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION -
UNRESTRICTED STATE HOSPITALS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Maui Memorial	Hilo	All Others	Total
SOURCES OF WORKING CAPITAL				
Operations:				
Excess of revenues over (under) expenses	$ 1,472,373	$ (1,450,321)	$ (818,558)	$ (796,506)
Items not requiring use of (providing) working capital:				
Depreciation	824,009	2,427,778	1,867,429	5,119,216
Other	-	-	(226,194)	(226,194)
Total working capital provided from operations	2,296,382	977,457	822,677	4,096,516
Transfers in from other State funds	-	333,024	912,949	1,245,973
Transfers in from restricted funds	389,613	1,784,450	342,958	2,517,021
Disposal of property, plant and equipment	-	-	11,987	11,987
Net transfer of equipment from State and [illegible]	-	85,315	84,475	169,790
Total sources of working capital	2,685,995	3,180,246	2,175,046	8,041,287
USES OF WORKING CAPITAL				
Additions to property, plant and equipment	986,599	2,342,817	2,909,261	6,238,677
Transfers to restricted funds	28,625	-	31,147	59,772
Total uses of working capital	1,015,224	2,342,817	2,940,408	6,298,449
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ 1,670,771	$ 837,429	$ (765,362)	$ 1,742,838
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL				
Current assets:				
Cash	1,734,350	370,689	1,974,475	4,079,514
Accounts receivable	388,727	2,034,747	456,126	2,879,600
Other receivables	-	-	333,765	333,765
Inventories	82,999	135,191	(48,831)	169,359
Prepaid expenses and deposits	-	(87,484)	(247,639)	(335,123)
Current liabilities:				
Accounts payable	136,430	201,442	1,491,821	1,829,693
Accrued vacation payable	(11,229)	(33,465)	(177,543)	(222,237)
Other accrued liabilities	(1,410,506)	(1,775,642)	(2,532,981)	(5,719,129)
Custodial funds and deposits	-	(8,049)	(5,041)	(13,090)
Advances from General Fund	750,000	-	(2,009,514)	(1,259,514)
NET INCREASE (DECREASE) IN WORKING CAPITAL	$ 1,670,771	$ 837,429	$ (765,362)	$ 1,742,838

UNIVERSITY FUNDS

The University Funds are used to account for all transactions relating to public institutions of higher education. The University Funds are comprised of the following:

- College and universities:
  - University of Hawaii at Hilo
  - University of Hawaii at Manoa
  - West Oahu College
- Community colleges:
  - Hawaii Community College
  - Honolulu Community College
  - Kapiolani Community College
  - Kauai Community College
  - Leeward Community College
  - Maui Community College
  - Windward Community College

STATE OF HAWAII

EXHIBIT I-1

COMBINING BALANCE SHEET - UNIVERSITY FUNDS
JUNE 30, 1986

ASSETS	Current Funds Unrestricted	Current Funds Restricted	Loan Funds	Endowment Funds	Agency Funds	Plant Funds	Total
Cash and short-term cash investments	$ 23,917,029	$ 3,764,340	$ 1,577,004	$ 1,126,951	$ -	$ 5,382,449	$ 35,767,773
Receivables:							
Accounts and accrued interest (net of allowance for doubtful accounts of $154,116)	1,477,357	2,040,212	71	-	403,146	23,693	3,944,479
Notes (net of allowance for doubtful accounts of $3,382,829)	-	-	13,261,842	-	-	-	13,261,842
Claims - Federal grants	35,506	9,253,794	-	-	-	119,194	9,408,494
Other	-	-	343	183,063	-	377,906	561,312
Due from internal University Funds	3,094	82,060	7,410	-	-	537,230	629,794
Due from other funds:							
General Fund	13,692,562	-	-	-	-	-	13,692,562
Capital Projects Funds	-	-	-	-	-	1,650,000	1,650,000
Investments	250	-	-	13,817,077	-	-	13,817,327
Inventory	5,275,095	66,037	-	-	-	-	5,341,132
Property, plant and equipment	-	-	-	-	-	566,625,591	566,625,591
Prepaid expenses	643,182	7,884	-	-	-	-	651,066
TOTAL ASSETS	$ 45,044,075	$ 15,214,327	$ 14,846,670	$ 15,127,091	$ 403,146	$ 574,716,063	$ 665,351,372
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Vouchers and contracts payable	6,369,381	947,464	-	-	286,431	185,358	7,788,634
Other accrued liabilities	15,065,148	1,870,060	297	-	-	677,901	17,613,406
Due to General Fund	656,565	-	-	-	-	-	656,565
Due to internal University Funds	537,230	-	-	82,060	7,410	3,094	629,794
Advances from sponsors	3,404	3,368,452	-	-	-	224,183	3,596,039
Installment contracts payable	-	-	-	-	-	2,907,270	2,907,270
Deferred revenue	4,711,277	-	-	-	-	-	4,711,277
Revenue bonds payable	-	-	-	-	-	7,730,000	7,730,000
General obligation bonds payable	-	-	-	-	-	27,580,992	27,580,992
Other	1,022	5,409,061	-	-	109,305	-	5,519,388
Total liabilities	27,344,027	11,595,037	297	82,060	403,146	39,308,798	78,733,365
FUND BALANCES							
Investment in fixed assets	-	-	-	-	-	535,407,265	535,407,265
Federal grants refundable	-	-	9,434,584	-	-	-	9,434,584
University Funds:							
Restricted	-	3,619,290	5,411,789	15,045,031	-	-	24,076,110
Unrestricted	17,700,048	-	-	-	-	-	17,700,048
Total fund balances	17,700,048	3,619,290	14,846,373	15,045,031	-	535,407,265	586,618,007
TOTAL LIABILITIES AND FUND BALANCES	$ 45,044,075	$ 15,214,327	$ 14,846,670	$ 15,127,091	$ 403,146	$ 574,716,063	$ 665,351,372

COMBINING STATEMENT OF REVENUES, EXPENDITURES, INTERFUND TRANSFERS, OPERATING TRANSFERS AND CHANGES IN FUND BALANCES - UNIVERSITY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Current Funds		Loan	Endowment	Plant	
	Unrestricted	Restricted	Funds	Funds	Funds	Total
REVENUES AND OTHER ADDITIONS						
Educational and general revenues:						
Tuition and fees	$ 8,329,721	$ 52,769	$ -	$ -	$ -	$ 8,382,490
Federal appropriations, grants and contracts	2,834,315	58,115,422	481,031	-	439,498	61,870,266
Indirect State support	38,919,735	317,051	63,434	-	-	39,300,220
State and local grants and contracts	15,932	3,678,329	-	-	-	3,694,261
Private gifts, grants and contracts	-	4,342,758	-	1,834	1,371,848	5,716,440
Sales and services	4,070,846	268,062	-	-	-	4,338,908
Endowment income and others	734,554	767,831	-	-	-	1,502,385
Auxiliary enterprises revenues	30,133,091	-	-	-	-	30,133,091
Investment income	-	-	369,038	1,073,563	70,366	1,512,967
Proceeds from revenue bonds	-	-	-	-	1,650,000	1,650,000
Expended for plant facilities	-	-	-	-	17,883,083	17,883,083
Contributions for plant facilities	-	-	-	-	12,759,667	12,759,667
Contributions for debt retirement	-	-	-	-	3,826,993	3,826,993
Other	44,541	-	4,735	-	-	49,276
Total revenues and other additions	85,082,735	67,542,222	918,238	1,075,397	38,001,455	192,620,047
EXPENDITURES AND OTHER DEDUCTIONS						
Educational and general expenditures:						
Instruction	109,633,097	7,783,652	-	-	-	117,416,749
Research	28,761,039	37,687,252	-	-	-	66,448,291
Public service	9,449,964	9,634,351	-	-	-	19,084,315
Academic support	29,667,584	2,175,917	-	-	-	31,843,501
Student services	13,595,339	2,244,886	-	-	-	15,840,225
Institutional support	21,146,348	891,942	-	-	-	22,038,290
Operation and maintenance of plant	23,548,316	147,960	-	-	-	23,696,276
Scholarship and fellowship	530,331	6,291,784	-	-	-	6,822,115
Auxiliary enterprises expenditures	27,577,295	-	-	-	-	27,577,295
Independent operation expenditures	1,734,082	65,402	-	-	-	1,799,484
Expenditures for plant facilities	-	-	-	-	3,648,324	3,648,324
Loan cancellations, write-offs and allowance for uncollectible loans	-	-	1,316,414	-	-	1,316,414
Debt retirement and interest	-	-	-	-	2,778,226	2,778,226
Assumption of indebtedness	-	-	-	-	1,650,000	1,650,000
Disposal of plant facilities	-	-	-	-	1,018,698	1,018,698
Other	14,758	44,864	125,476	-	6,401	191,499
Total expenditures and other deductions	$ 265,658,153	$ 66,968,010	$ 1,441,890	$ -	$ 9,101,649	$ 343,169,702

STATE OF HAWAII

COMBINING STATEMENT OF REVENUES, EXPENDITURES, INTERFUND TRANSFERS, OPERATING TRANSFERS AND CHANGES IN FUND BALANCES - UNIVERSITY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Current Funds		Loan Funds	Endowment Funds	Plant Funds	Total
	Unrestricted	Restricted				
UNIVERSITY INTERFUND TRANSFERS (OUT) IN						
Mandatory:						
Principal and interest	$ (2,347,156)	$ -	$ -	$ -	$ 2,347,156	$ -
Renewals and replacements	(204,475)	-	-	-	204,475	-
Voluntary:						
Renewals and replacements	(1,211,901)	-	-	-	1,211,901	-
Quasi-endowment - restricted principal	-	(100,000)	-	100,000	-	-
Quasi-endowment - unrestricted principal	(137,500)	-	-	137,500	-	-
Reinvestment of endowment income	-	(316,288)	-	316,288	-	-
Contribution to Loan Funds	(469,619)	(6,455)	476,074	-	-	-
Total University interfund transfers	(4,370,651)	(422,743)	476,074	553,788	3,763,532	-
OPERATING TRANSFERS IN FROM						
General Fund	187,476,055	-	-	-	-	187,476,055
Net increase in fund balances	2,529,986	151,469	(47,578)	1,629,185	32,663,338	36,926,400
FUND BALANCES, JULY 1, 1985	15,170,062	3,467,821	14,893,951	13,415,846	502,743,927	549,691,607
FUND BALANCES, JUNE 30, 1986	$ 17,700,048	$ 3,619,290	$ 14,846,373	$ 15,045,031	$ 535,407,265	$ 586,618,007

TRUST AND ACENCY FUNDS

The Trust and Agency Funds category is used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units or other funds. The Trust and Agency Funds consist of the following:

Expendable Trust Funds - primarily accounts for receipt of monies and payment of benefits for the unemployment compensation plan.

Tax Collections - various taxes paid under protest are deposited in a trust account. Disposition of these funds are made once the Department of Taxation's Board of Review or the State courts has rendered a decision on the taxpayer's protest.

Employee Benefits - accounts for the deferred compensation plan established for public employees. It also accounts for the Hawaii Public Employees Health Fund, which includes medical, dental and life insurance and the Hawaii State Employees U. S. Savings Bonds investment program.

Custodial and Clearance - clearing accounts for tax and certain collections pending subsequent distribution.

STATE OF HAWAII

EXHIBIT J-1

COMBINING BALANCE SHEET - TRUST AND AGENCY FUNDS
JUNE 30, 1986

ASSETS	Expendable Trust Funds	Agency Funds			Total
		Tax Collections	Employee Benefits	Custodial And Clearance	
CASH AND SHORT-TERM CASH INVESTMENTS	$ 182,598,169	$ 4,628,342	$ 5,418,619	$ 148,845,330	$ 341,490,460
INVESTMENTS					
Repurchase agreements	6,000,000	-	-	-	6,000,000
U. S. Government securities	2,219,040	-	-	-	2,219,040
Corporate stocks	118,091	-	-	-	118,091
Total investments	8,337,131	-	-	-	8,337,131
OTHER ASSETS - assets held by agents for State					
Deferred Compensation Plan	-	-	34,713,187	-	34,713,187
TOTAL ASSETS	$ 190,935,300	$ 4,628,342	$ 40,131,806	$ 148,845,330	$ 384,540,778
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Vouchers payable	66,550	2,192,788	158,687	225,196	2,643,221
Due to employees under State Deferred Compensation Plan	-	-	34,713,187	-	34,713,187
Due to individuals, businesses and counties	-	2,435,554	-	148,533,279	150,968,833
Due to Special Revenue Funds	-	-	-	86,855	86,855
Other	-	-	5,259,932	-	5,259,932
Total liabilities	66,550	4,628,342	40,131,806	148,845,330	193,672,028
FUND BALANCES					
Reserved for:					
Unemployment compensation	176,950,805	-	-	-	176,950,805
Others	13,917,945	-	-	-	13,917,945
Total fund balances	190,868,750	-	-	-	190,868,750
TOTAL LIABILITIES AND FUND BALANCES	$ 190,935,300	$ 4,628,342	$ 40,131,806	$ 148,845,330	$ 384,540,778

STATE OF HAWAII

EXHIBIT J-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED FUND BALANCES - EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

REVENUES	
Unemployment compensation tax	$ 66,951,310
Interest and investment income	16,773,807
Charges for current services	790,449
Intergovernmental	3,546,251
Donations, contributions and deposits	6,644,243
Other	38,867
Total revenues	94,744,927
EXPENDITURES	
Personal services	981,996
Unemployment compensation	60,345,597
Other	5,779,121
Total expenditures	67,106,714
EXCESS OF REVENUES OVER EXPENDITURES	27,638,213
OTHER CHANGES IN UNRESERVED FUND BALANCES	
Increase in reserve for unemployment compensation and others	(27,638,213)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER CHANGES IN UNRESERVED FUND BALANCES	-
UNRESERVED FUND BALANCES, JULY 1, 1985	-
UNRESERVED FUND BALANCES, JUNE 30, 1986	$ -

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Balance, July 1, 1985, As Previously Reported	Reclassification	Balance, July 1, 1985, As Restated	Additions	Deductions	Balance, June 30, 1986
TAX COLLECTIONS						
ASSETS - cash	$ 3,105,946	$ -	$ 3,105,946	$1,732,783,435	$1,731,261,039	$ 4,628,342
LIABILITIES						
Vouchers payable	2,790,124	-	2,790,124	2,192,788	2,790,124	2,192,788
Due to individuals, businesses and counties	315,822	-	315,822	1,732,783,436	1,730,663,704	2,435,554
TOTAL LIABILITIES	$ 3,105,946	$ -	$ 3,105,946	$1,734,976,224	$1,733,453,828	$ 4,628,342
EMPLOYEE BENEFITS						
ASSETS						
Cash	5,632,470	-	5,632,470	69,566,173	69,780,024	5,418,619
Assets held by agents for State Deferred Compensation Plan	-	16,568,655	16,568,655	19,233,194	1,088,662	34,713,187
TOTAL ASSETS	$ 5,632,470	$16,568,655	$ 22,201,125	$ 88,799,367	$ 70,868,686	$ 40,131,806
LIABILITIES						
Vouchers payable	-	-	-	158,687	-	158,687
Due to employees under State Deferred Compensation Plan	-	16,568,655	16,568,655	19,233,194	1,088,662	34,713,187
Other	5,632,470	-	5,632,470	69,566,173	69,938,711	5,259,932
TOTAL LIABILITIES	$ 5,632,470	$16,568,655	$ 22,201,125	$ 88,958,054	$ 71,027,373	$ 40,131,806
CUSTODIAL AND CLEARANCE						
ASSETS - cash	$137,309,673	$ -	$137,309,673	$1,025,309,274	$1,013,773,617	$148,845,330
LIABILITIES						
Vouchers payable	347,830	-	347,830	225,196	347,830	225,196
Due to individuals, businesses and counties	136,961,843	-	136,961,843	1,025,222,419	1,013,650,983	148,533,279
Due to Special Revenue Funds	-	-	-	86,855	-	86,855
TOTAL LIABILITIES	$137,309,673	$ -	$137,309,673	$1,025,534,470	$1,013,998,813	$148,845,330
TOTAL - AGENCY FUNDS						
ASSETS						
Cash	146,048,089	-	146,048,089	2,827,658,882	2,814,814,680	158,892,291
Assets held by agents for State Deferred Compensation Plan	-	16,568,655	16,568,655	19,233,194	1,088,662	34,713,187
TOTAL ASSETS	$146,048,089	$16,568,655	$162,616,744	$2,846,892,076	$2,815,903,342	$193,605,478
LIABILITIES						
Vouchers payable	3,137,954	-	3,137,954	2,576,671	3,137,954	2,576,671
Due to individuals, businesses and counties	137,277,665	-	137,277,665	2,758,005,855	2,744,314,687	150,968,833
Due to Special Revenue Funds	-	-	-	86,855	-	86,855
Due to employees under State Deferred Compensation Plan	-	16,568,655	16,568,655	19,233,194	1,088,662	34,713,187
Other	5,632,470	-	5,632,470	69,566,173	69,938,711	5,259,932
TOTAL LIABILITIES	$146,048,089	$16,568,655	$162,616,744	$2,849,468,748	$2,818,480,014	$193,605,478

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is used to account for fixed assets of the State of Hawaii, excluding those in the custody of Enterprise Funds (Airports and Harbors), Hawaii Housing Authority Fund, State Hospitals Funds and University Funds.

STATE OF HAWAII

SCHEDULE K-1

SCHEDULE OF GENERAL FIXED ASSETS
(UNAUDITED)
JUNE 30, 1986

GENERAL FIXED ASSETS	
Land	$ 347,476,756
Buildings and improvements	770,135,384
Equipment	270,801,185
Construction in progress	124,113,264
TOTAL GENERAL FIXED ASSETS	$ 1,512,526,589
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	$ 1,512,526,589

STATE OF HAWAII

SCHEDULE K-2

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
(UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	Land	Buildings And Improvements	Equipment	Total
BALANCE, JULY 1, 1985, AS PREVIOUSLY REPORTED	$ 328,256,237	$ 610,952,024	$ 254,744,812	$ 1,193,953,073
Adjustment to record buildings and structures controlled by the State	-	130,939,895	-	130,939,895
BALANCE, JULY 1, 1985, AS RESTATED	328,256,237	741,891,919	254,744,812	1,324,892,968
Additions	19,240,208	28,446,483	20,743,113	68,429,804
Deductions	19,689	203,018	4,686,740	4,909,447
	$ 347,476,756	$ 770,135,384	$ 270,801,185	1,388,413,325
CONSTRUCTION IN PROGRESS, JUNE 30, 1986				124,113,264
BALANCE, JUNE 30, 1986				$ 1,512,526,589

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

The General Long-Term Obligations Account Group is used to account for all long-term debt of the State of Hawaii, including reimbursable general obligation bonds (other than Proprietary Fund Types), regular general obligation bonds and other long-term obligations.

STATE OF HAWAII

SCHEDULE L-1

SCHEDULE OF GENERAL LONG-TERM OBLIGATIONS
AS OF JUNE 30, 1986

AMOUNT AVAILABLE AND RESOURCES TO BE PROVIDED IN FUTURE YEARS		
AMOUNT AVAILABLE IN DEBT SERVICE FUNDS		$ 162,185,345
RESOURCES TO BE PROVIDED IN FUTURE YEARS		
Retirement of:		
General obligation bonds	$ 1,489,713,245	
Notes and installment contracts payable	10,218,391	
Accrued vacation payable	69,754,905	
Claims and judgments payable	5,900,000	
Total resources to be provided in future years		1,575,586,541
TOTAL AMOUNT AVAILABLE AND RESOURCES TO BE PROVIDED IN FUTURE YEARS		$ 1,737,771,886
GENERAL LONG-TERM OBLIGATIONS		
BONDS PAYABLE		
General obligation bonds payable		1,651,898,590
NOTES AND INSTALLMENT CONTRACTS PAYABLE		
Loan payable to Hawaii Housing Authority for Hawaiian Home Lands Projects	3,324,508	
Loan payable to U. S. Government for Molokai Water and Land Utilization Project	3,046,766	
Installment contracts payable	3,847,117	
Total notes and installment contracts payable		10,218,391
ACCRUED VACATION PAYABLE		69,754,905
CLAIMS AND JUDGMENTS PAYABLE		5,900,000
TOTAL GENERAL LONG-TERM OBLIGATIONS		$ 1,737,771,886

STATE OF HAWAII

SCHEDULE L-2

SCHEDULE OF CHANGES IN GENERAL LONG-TERM OBLIGATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	General Obligation Bonds Payable	Notes And Installment Contracts Payable	Accrued Vacation Payable	Claims And Judgments Payable	Total
BALANCE, JULY 1, 1985	$ 1,608,397,449	$ 6,903,064	$ 64,129,465	$ -	$ 1,679,429,978
Add:					
Bonds issued, fiscal year 1986	222,693,168	-	-	-	222,693,168
Increase in installment contracts payable	-	3,847,117	-	-	3,847,117
Net increase in accrued vacation payable	-	-	5,625,440	-	5,625,440
Claims and judgments	-	-	-	5,900,000	5,900,000
	1,831,090,617	10,750,181	69,754,905	5,900,000	1,917,495,703
Less:					
Bonds retired, fiscal year 1986	110,448,941	-	-	-	110,448,941
Bonds extinguished by general obligation refunding bonds of 1985, Series BC, July 1, 1985	68,743,086	-	-	-	68,743,086
Retirement of notes payable	-	531,790	-	-	531,790
BALANCE, JUNE 30, 1986	$ 1,651,898,590	$ 10,218,391	$ 69,754,905	$ 5,900,000	$ 1,737,771,886

PART III: STATISTICAL SECTION

SCHEDULE OF REVENUES BY SOURCE - ALL GOVERNMENTAL FUND TYPES
LAST TEN FISCAL YEARS

(In Millions)

Source	For The Fiscal Year Ended June 30, 1986	1985	1984	1983	1982	1981	1980	1979	1978	1977
Taxes:										
General excise	$ 747.1	$ 684.0	$ 639.6	$ 601.5	$ 577.3	$ 549.3	$ 498.7	$ 430.8	$ 367.7	$ 341.3
Income	506.4	473.6	438.8	371.4	322.0	381.4	353.8	296.8	251.1	225.8
Public service companies	73.0	64.9	62.2	68.9	58.7	51.7	33.2	35.2	34.6	32.2
Liquid fuel	38.7	30.3	29.6	28.9	28.3	28.8	34.8	35.2	33.8	32.8
Insurance companies premium	33.8	28.7	27.0	27.1	27.2	24.0	22.2	18.5	15.7	13.3
Tobacco	19.7	19.7	19.9	17.6	14.0	13.8	12.8	11.9	11.0	10.3
Liquor	29.8	20.6	(.2)	9.3	7.7	7.0	13.0	20.4	18.0	16.2
Motor vehicle	15.0	9.3	9.1	8.7	8.3	8.3	8.3	8.0	6.9	-
Inheritance and estate	6.0	12.3	6.7	6.4	5.1	4.6	4.3	4.1	4.0	4.1
Franchise	4.9	3.9	.5	(2.4)	3.9	5.8	7.8	7.6	5.2	4.9
Other	2.1	2.5	2.2	1.6	1.8	2.3	2.3	1.9	1.3	.9
TOTAL TAXES	1,476.5	1,349.8	1,235.4	1,139.0	1,054.3	1,077.0	991.2	870.4	749.3	681.8
Interest and investment income	59.8	63.1	51.8	78.2	91.6	77.9	69.5	40.9	22.4	19.5
Charges for current services	98.4	94.1	89.8	73.0	78.0	110.4	174.6	169.7	153.8	134.5
Intergovernmental	315.1	286.8	311.1	334.9	317.3	390.1	374.8	337.7	376.4	330.8
Rentals	10.6	9.8	10.1	22.9	21.1	20.5	17.5	3.9	3.9	2.9
Fines, forfeits and penalties	13.2	11.4	9.5	9.2	8.0	7.2	6.0	5.7	4.9	4.2
Licenses and fees	3.7	3.2	3.7	2.9	2.9	2.7	2.7	2.3	2.3	2.0
Contributions from agencies participating in debt service requirements	40.4	41.2	40.1	40.0	37.7	36.3	35.2	34.8	31.9	31.5
Other	32.4	20.2	20.2	53.8	57.7	79.1	56.3	72.8	71.9	85.4
TOTAL REVENUES - ALL GOVERNMENTAL FUND TYPES	$ 2,050.1	$ 1,879.6	$ 1,771.7	$ 1,753.9	$ 1,668.6	$ 1,801.2	$ 1,727.8	$ 1,538.2	$ 1,416.8	$ 1,292.6

The following reclassifications were made in conformity with generally accepted accounting principles:

a. Effective with the fiscal year ended June 30, 1981, the Airports and Harbors systems were reclassified as Enterprise Funds.
b. Effective with the fiscal year ended June 30, 1982, the State Hospitals and University system were reclassified as State Hospitals Funds and University Funds, respectively.
c. Effective with the fiscal year ended June 30, 1984, the Hawaii Housing Authority was reclassified separately as the Hawaii Housing Authority Fund.

Prior to these reclassifications, the revenues of these Proprietary Fund Types were reported within the various revenue sources of the Governmental Fund Types. The prior years have not been restated to reflect these reclassifications.

SCHEDULE OF EXPENDITURES BY FUNCTION - ALL GOVERNMENTAL FUND TYPES
LAST TEN FISCAL YEARS

(In Millions)

Function	For The Fiscal Year Ended June 30, 1986	1985	1984	1983	1982	1981	1980	1979	1978	1977
General government	$ 176.1	$ 133.2	$ 116.2	$ 118.9	$ 136.2	$ 108.8	$ 78.7	$ 75.8	$ 63.0	$ 59.5
Public safety	120.1	87.7	77.8	75.1	65.1	59.9	52.5	52.8	88.2	70.1
Highways	119.3	102.0	135.7	138.6	110.2	114.9	119.2	116.0	85.9	98.1
Conservation of natural resources	28.6	29.2	26.5	37.2	25.8	27.9	34.1	23.3	29.5	27.9
Health	109.1	99.0	93.2	96.3	92.1	132.0	125.7	127.2	112.6	118.3
Welfare	321.8	321.1	325.8	328.3	317.2	297.8	253.4	243.8	241.8	203.6
Education	504.9	458.9	448.5	459.9	415.1	616.1	561.6	505.0	481.0	484.9
Culture and recreation	39.0	33.1	33.9	39.8	31.6	44.8	39.7	31.1	27.3	47.8
Urban redevelopment and housing	11.2	14.5	9.2	154.3	84.2	174.9	101.2	48.7	50.8	45.8
Economic development and assistance	56.7	34.8	31.8	37.9	36.4	36.0	39.0	38.3	39.5	40.3
Airports	-	-	-	-	-	-	68.2	65.3	49.2	54.4
Water transport and terminals	-	-	-	-	-	-	23.3	21.3	22.0	16.2
Debt service	234.2	387.2	210.5	259.9	188.6	179.8	174.8	165.6	141.2	131.5
Intergovernmental	18.2	18.2	18.2	18.2	18.3	18.2	18.2	20.7	22.3	21.6
Social security and pension contributions	142.1	175.0	150.9	144.6	114.6	94.3	78.1	75.8	78.6	61.1
Other	19.6	20.4	23.5	13.8	12.7	12.5	7.4	8.0	15.8	8.2
TOTAL EXPENDITURES - ALL GOVERNMENTAL FUND TYPES	$ 1,900.9	$ 1,914.3	$ 1,701.7	$ 1,922.8	$ 1,648.1	$ 1,917.9	$ 1,775.1	$ 1,618.7	$ 1,548.7	$ 1,489.3

The following reclassifications were made in conformity with generally accepted accounting principles:

a. Effective with the fiscal year ended June 30, 1981, the Airports and Harbors systems were reclassified as Enterprise Funds.
b. Effective with the fiscal year ended June 30, 1982, the State Hospitals and University system were reclassified as State Hospitals Funds and University Funds, respectively.
c. Effective with the fiscal year ended June 30, 1984, the Hawaii Housing Authority was reclassified separately as the Hawaii Housing Authority Fund.
d. Effective with the fiscal year ended June 30, 1986, health fund contributions are included in the expenditure function, General Government, instead of being reflected in social security and pension contributions.

Prior to these reclassifications, the expenditures of these Proprietary Fund Types were reported within the various expenditure functions of the Governmental Fund Types. The prior years have not been restated to reflect these reclassifications.

STATE OF HAWAII

SCHEDULE M-3

SCHEDULE OF RATIO OF ANNUAL DEBT SERVICE FOR
GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS

	(Expressed In Thousands)				
Fiscal Year	Principal	Interest And Fees	Total Debt Service	Total General Expenditures	Ratio Of Debt Service To General Expenditures
1986	$ 116,734	$ 117,505	$ 234,239(1)	$ 1,900,953(1)	12.32%
1985	105,664	111,128	216,792(2)	1,743,893(2)	12.43
1984	98,726	111,805	210,531	1,701,726	12.37
1983	141,868	118,082	259,950	1,922,847	13.52
1982	93,798	94,786	188,584	1,648,147	11.44
1981	87,906	91,930	179,836	1,917,946	9.38
1980	83,055	91,703	174,758	1,775,086	9.84
1979	76,040	89,547	165,587	1,618,670	10.23
1978	59,994	81,167	141,161	1,548,718	9.11
1977	56,708	74,757	131,465	1,489,315	8.83

(1) Excludes $84,626,965 payment made to trustee for extinguished General Obligation Bonds Series AR dated August 1, 1981.

(2) Excludes $170,415,177 payment made to trustee for extinguished General Obligation Bonds Series AS dated November 1, 1981 and Series AT dated June 1, 1982.

SCHEDULE OF GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population(1) (Expressed In Thousands)	Total Outstanding State General Obligation Debt(2)	State General Obligation Debt Per Capita
1986	1,071	$ 1,651,899	$ 1,542
1985	1,056	1,608,397	1,523
1984	1,039	1,545,521	1,488
1983	1,023	1,486,880	1,453
1982	997	1,353,791	1,358
1981	981	1,215,824	1,239
1980	969	1,295,184	1,337
1979	950	1,221,786	1,286
1978	929	1,220,190	1,313
1977	916	1,047,299	1,143

(1) Source: Department of Planning and Economic Development, State of Hawaii.

(2) Source: Accounting Division, Department of Accounting and General Services.

STATE OF HAWAII

SCHEDULE M-5

GENERAL OBLIGATION BONDS
SCHEDULE OF CHANGES IN LONG-TERM BONDED INDEBTEDNESS
LAST THREE FISCAL YEARS

BONDED INDEBTEDNESS, GENERAL OBLIGATION BONDS, JUNE 30, 1983	$ 1,590,350,534
Less general obligation bonds matured during the fiscal year ended June 30, 1984	98,655,694
	1,491,694,840
Add:	
General obligation bonds issued, October 1, 1983	75,000,000
General obligation bonds issued, April 1, 1984	75,000,000
BONDED INDEBTEDNESS, GENERAL OBLIGATION BONDS, JUNE 30, 1984	1,641,694,840
Less:	
General obligation bonds matured during the fiscal year ended June 30, 1985	105,664,220
General obligation bonds, Series AS, November 1, 1981, extinguished by general obligation refunding bonds of 1985, Series BA, March 1, 1985	70,830,000
General obligation bonds, Series AT, June 1, 1982, extinguished by general obligation refunding bonds of 1985, Series BA, March 1, 1985	75,000,000
	1,390,200,620
Add:	
General obligation bonds issued, October 1, 1984	75,000,000
General obligation bonds issued, March 1, 1985	157,435,000
General obligation bonds issued, June 1, 1985	75,000,000
BONDED INDEBTEDNESS, GENERAL OBLIGATION BONDS, JUNE 30, 1985	1,697,635,620
Less:	
General obligation bonds matured during the fiscal year ended June 30, 1986	116,734,270
General obligation bonds, Series AR, August 1, 1981, extinguished by general obligation refunding bonds of 1985, Series BC, July 1, 1985.	70,830,000
	1,510,071,350
Add:	
General obligation bonds issued, July 1, 1985	74,900,000
General obligation bonds issued, November 1, 1985	75,000,000
General obligation bonds issued, March 1, 1986	75,000,000
BONDED INDEBTEDNESS, GENERAL OBLIGATION BONDS, JUNE 30, 1986	$ 1,734,971,350

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1984	June 30, 1985	June 30, 1986
November 1, 1963	3.40%	May and November 1, 1973/1984	$ 880,000	$ -	$ -
November 1, 1963	3.50	May and November 1, 1985/1988	7,040,000	6,160,000	4,400,000
October 15, 1964	3.25	October 15, 1975/1984	835,000	-	-
May 1, 1965	3.20	May 1, 1981/1985	1,000,000	-	-
December 1, 1965	3.50	December 1, 1982/1985	1,560,000	780,000	-
June 1, 1966	3.90	June 1, 1984/1986	1,110,000	555,000	-
May 15, 1967	4.00	May 15, 1985/1987	3,330,000	2,220,000	1,110,000
September 1, 1967	4.10	September 1, 1983/1987	1,800,000	1,350,000	900,000
November 1, 1967	4.30	November 1, 1973/1986	2,220,000	1,110,000	-
November 1, 1967	4.35	November 1, 1986/1987	2,220,000	2,220,000	2,220,000
March 1, 1968	4.40	March 1, 1975/1985	1,665,000	-	-
March 1, 1968	4.50	March 1, 1986/1988	4,995,000	4,995,000	3,330,000
September 1, 1968	4.25	September 1, 1981/1986	6,330,000	4,220,000	2,110,000
September 1, 1968	4.35	September 1, 1987/1988	4,220,000	4,220,000	4,220,000
March 1, 1969	5.10	March 1, 1985/1986	3,330,000	1,665,000	-
March 1, 1969	5.20	March 1, 1987/1989	4,995,000	4,995,000	4,995,000
May 1, 1969	5.00	January and July 1, 1981/1984	545,000	-	-
September 1, 1969	3.00	September 1, 1972/1989	1,290,000	1,075,000	860,000
April 1, 1970	6.20	April 1, 1985	1,665,000	-	-
April 1, 1970	6.30	April 1, 1986	1,665,000	1,665,000	-
April 1, 1970	6.40	April 1, 1987/1988	3,330,000	3,330,000	3,330,000
April 1, 1970	5.50	April 1, 1989/1990	3,330,000	3,330,000	3,330,000
October 1, 1970	6.10	October 1, 1984	3,055,000	-	-
October 1, 1970	6.20	October 1, 1985	3,055,000	3,055,000	-
October 1, 1970	6.30	October 1, 1986	3,055,000	3,055,000	3,055,000
October 1, 1970	6.40	October 1, 1987	3,055,000	3,055,000	3,055,000
October 1, 1970	6.50	October 1, 1988	3,055,000	3,055,000	3,055,000
October 1, 1970	5.50	October 1, 1989/1990	6,110,000	6,110,000	6,110,000
March 1, 1971	4.70	March 1, 1985	3,055,000	-	-
March 1, 1971	4.80	March 1, 1986	3,055,000	3,055,000	-
March 1, 1971	4.90	March 1, 1987	3,055,000	3,055,000	3,055,000
March 1, 1971	5.00	March 1, 1988/1989	6,110,000	6,110,000	6,110,000
March 1, 1971	4.00	March 1, 1990/1991	6,110,000	6,110,000	6,110,000
September 1, 1971	4.90	September 1, 1984	3,055,000	-	-
September 1, 1971	5.00	September 1, 1985/1986	6,110,000	6,110,000	3,055,000
September 1, 1971	5.10	September 1, 1987/1988	6,110,000	6,110,000	6,110,000
September 1, 1971	5.00	September 1, 1989	3,055,000	3,055,000	3,055,000
September 1, 1971	4.25	September 1, 1990/1991	6,110,000	6,110,000	6,110,000
February 1, 1972	4.75	February 1, 1985	3,055,000	-	-
February 1, 1972	4.80	February 1, 1986	3,055,000	3,055,000	-

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1984	Amount Outstanding June 30, 1985	Amount Outstanding June 30, 1986
February 1, 1972	5.00%	February 1, 1987/1990	$ 12,220,000	$ 12,220,000	$ 12,220,000
February 1, 1972	4.25	February 1, 1991/1992	6,110,000	6,110,000	6,110,000
August 1, 1972	5.00	August 1, 1975/1992	1,070,000	975,000	875,000
August 1, 1972	4.00	August 1, 1993/2007	3,380,000	3,380,000	3,380,000
August 1, 1972	5.00	August 1, 1980/1986	9,165,000	6,110,000	3,055,000
August 1, 1972	5.10	August 1, 1987	3,055,000	3,055,000	3,055,000
August 1, 1972	5.20	August 1, 1988	3,055,000	3,055,000	3,055,000
August 1, 1972	5.25	August 1, 1989/1990	6,110,000	6,110,000	6,110,000
August 1, 1972	5.40	August 1, 1991	3,055,000	3,055,000	3,055,000
August 1, 1972	5.00	August 1, 1992	3,055,000	3,055,000	3,055,000
February 1, 1973	4.60	February 1, 1985	3,055,000	-	-
February 1, 1973	4.70	February 1, 1986	3,055,000	3,055,000	-
February 1, 1973	4.80	February 1, 1987/1988	6,110,000	6,110,000	6,110,000
February 1, 1973	4.90	February 1, 1988/1990	6,110,000	6,110,000	6,110,000
February 1, 1973	5.00	February 1, 1991/1992	6,110,000	6,110,000	6,110,000
February 1, 1973	4.00	February 1, 1993	3,055,000	3,055,000	3,055,000
June 1, 1973	4.60	June 1, 1984/1985	4,165,000	-	-
June 1, 1973	4.75	June 1, 1986	4,165,000	4,165,000	-
June 1, 1973	4.80	June 1, 1987/1988	8,330,000	8,330,000	8,330,000
June 1, 1973	4.90	June 1, 1989/1990	8,330,000	8,330,000	8,330,000
June 1, 1973	5.00	June 1, 1991/1993	12,495,000	12,495,000	12,495,000
December 1, 1973	4.50	December 1, 1980/1984	1,945,000	-	-
December 1, 1973	4.60	December 1, 1985	1,945,000	1,945,000	-
December 1, 1973	4.70	December 1, 1986	1,945,000	1,945,000	1,945,000
December 1, 1973	4.80	December 1, 1987	1,945,000	1,945,000	1,945,000
December 1, 1973	4.90	December 1, 1988	1,945,000	1,945,000	1,945,000
December 1, 1973	5.00	December 1, 1989/1993	9,725,000	9,725,000	9,725,000
April 1, 1974	6.00	April 1, 1985	4,165,000	-	-
April 1, 1974	5.70	April 1, 1986	4,165,000	4,165,000	-
April 1, 1974	5.50	April 1, 1989	12,495,000	12,495,000	12,495,000
April 1, 1974	5.60	April 1, 1990/1991	8,330,000	8,330,000	8,330,000
April 1, 1974	5.70	April 1, 1992	4,165,000	4,165,000	4,165,000
April 1, 1974	5.75	April 1, 1993	4,165,000	4,165,000	4,165,000
April 1, 1974	5.00	April 1, 1994	4,165,000	4,165,000	4,165,000
March 1, 1975	6.70	March 1, 1985	4,165,000	-	-
March 1, 1975	6.00	March 1, 1986	4,165,000	4,165,000	-
March 1, 1975	6.10	March 1, 1987	4,165,000	4,165,000	4,165,000
March 1, 1975	6.20	March 1, 1988	4,165,000	4,165,000	4,165,000
March 1, 1975	6.30	March 1, 1989	4,165,000	4,165,000	4,165,000
March 1, 1975	6.40	March 1, 1990	4,165,000	4,165,000	4,165,000

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1984	June 30, 1985	June 30, 1986
March 1, 1975	6.50%	March 1, 1991/1993	$ 12,495,000	$ 12,495,000	$ 12,495,000
March 1, 1975	5.75	March 1, 1994/1995	8,330,000	8,330,000	8,330,000
September 1, 1975	6.50	September 1, 1984	4,165,000	-	-
September 1, 1975	6.00	September 1, 1985	4,165,000	4,165,000	-
September 1, 1975	6.10	September 1, 1986	4,165,000	4,165,000	4,165,000
September 1, 1975	6.20	September 1, 1987	4,165,000	4,165,000	4,165,000
September 1, 1975	6.30	September 1, 1988	4,165,000	4,165,000	4,165,000
September 1, 1975	6.40	September 1, 1989	4,165,000	4,165,000	4,165,000
September 1, 1975	6.50	September 1, 1990	4,165,000	4,165,000	4,165,000
September 1, 1975	6.60	September 1, 1991	4,165,000	4,165,000	4,165,000
September 1, 1975	6.70	September 1, 1992	4,165,000	4,165,000	4,165,000
September 1, 1975	6.80	September 1, 1993	4,165,000	4,165,000	4,165,000
September 1, 1975	6.00	September 1, 1994/1995	8,330,000	8,330,000	8,330,000
November 1, 1975	6.50	November 1, 1980/1985	5,560,000	2,780,000	-
November 1, 1975	6.25	November 1, 1986	2,780,000	2,780,000	2,780,000
November 1, 1975	6.00	November 1, 1987	2,780,000	2,780,000	2,780,000
November 1, 1975	6.10	November 1, 1988	2,775,000	2,775,000	2,775,000
November 1, 1975	6.30	November 1, 1989	2,775,000	2,775,000	2,775,000
November 1, 1975	6.40	November 1, 1990	2,775,000	2,775,000	2,775,000
November 1, 1975	6.50	November 1, 1991/1993	8,325,000	8,325,000	8,325,000
November 1, 1975	5.50	November 1, 1994/1995	5,550,000	5,550,000	5,550,000
March 1, 1976	6.50	March 1, 1979/1986	8,330,000	4,165,000	-
March 1, 1976	6.00	March 1, 1987	4,165,000	4,165,000	4,165,000
March 1, 1976	5.90	March 1, 1988	4,165,000	4,165,000	4,165,000
March 1, 1976	6.00	March 1, 1989	4,165,000	4,165,000	4,165,000
March 1, 1976	6.10	March 1, 1990	4,165,000	4,165,000	4,165,000
March 1, 1976	6.20	March 1, 1991	4,165,000	4,165,000	4,165,000
March 1, 1976	6.25	March 1, 1992	4,165,000	4,165,000	4,165,000
March 1, 1976	6.00	March 1, 1993/1994	8,330,000	8,330,000	8,330,000
March 1, 1976	5.50	March 1, 1995/1996	8,330,000	8,330,000	8,330,000
June 1, 1976	6.10	June 1, 1985	4,165,000	-	-
June 1, 1976	5.50	June 1, 1986	4,165,000	4,165,000	-
June 1, 1976	5.60	June 1, 1987	4,165,000	4,165,000	4,165,000
June 1, 1976	5.75	June 1, 1988	4,165,000	4,165,000	4,165,000
June 1, 1976	5.80	June 1, 1989	4,165,000	4,165,000	4,165,000
June 1, 1976	6.00	June 1, 1990/1991	8,330,000	8,330,000	8,330,000
June 1, 1976	6.20	June 1, 1992/1993	8,330,000	8,330,000	8,330,000
June 1, 1976	6.00	June 1, 1994	4,165,000	4,165,000	4,165,000
June 1, 1976	5.50	June 1, 1995/1996	8,330,000	8,330,000	8,330,000
September 1, 1976	7.00	September 1, 1977/1987	1,300,000	955,000	590,000

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1984	June 30, 1985	June 30, 1986
September 1, 1976	6.50%	March 1, 1988/September 1, 1988	$ 425,000	$ 425,000	$ 425,000
September 1, 1976	6.00	March 1, 1989/September 1, 1998	6,115,000	6,115,000	6,115,000
September 1, 1976	6.10	March 1, 1999/September 1, 1999	850,000	850,000	850,000
September 1, 1976	6.20	March 1, 2000/September 1, 2003	3,990,000	3,990,000	3,990,000
September 1, 1976	6.25	March 1, 2004/September 1, 2005	2,405,000	2,405,000	2,405,000
September 1, 1976	6.30	March 1, 2006/September 1, 2007	2,730,000	2,730,000	2,730,000
September 1, 1976	6.00	March 1, 2008/September 1, 2011	6,605,000	6,605,000	6,605,000
December 1, 1976	5.50	December 1, 1979/1984	4,170,000	-	-
December 1, 1976	4.70	December 1, 1985	4,165,000	4,165,000	-
December 1, 1976	4.60	December 1, 1986	4,165,000	4,165,000	4,165,000
December 1, 1976	4.70	December 1, 1987	4,165,000	4,165,000	4,165,000
December 1, 1976	4.80	December 1, 1988	4,165,000	4,165,000	4,165,000
December 1, 1976	4.90	December 1, 1989	4,165,000	4,165,000	4,165,000
December 1, 1976	5.00	December 1, 1990/1992	12,495,000	12,495,000	12,495,000
December 1, 1976	5.20	December 1, 1993/1994	8,330,000	8,330,000	8,330,000
December 1, 1976	4.50	December 1, 1995/1996	8,330,000	8,330,000	8,330,000
April 1, 1977	5.50	April 1, 1980/1986	8,335,000	4,165,000	-
April 1, 1977	4.75	April 1, 1987	4,165,000	4,165,000	4,165,000
April 1, 1977	4.80	April 1, 1988	4,165,000	4,165,000	4,165,000
April 1, 1977	4.90	April 1, 1989	4,165,000	4,165,000	4,165,000
April 1, 1977	5.00	April 1, 1990	4,165,000	4,165,000	4,165,000
April 1, 1977	5.10	April 1, 1991	4,165,000	4,165,000	4,165,000
April 1, 1977	5.20	April 1, 1992	4,165,000	4,165,000	4,165,000
April 1, 1977	5.25	April 1, 1993/1994	8,330,000	8,330,000	8,330,000
April 1, 1977	5.50	April 1, 1995	4,165,000	4,165,000	4,165,000
April 1, 1977	5.00	April 1, 1996	4,165,000	4,165,000	4,165,000
April 1, 1977	4.50	April 1, 1997	4,165,000	4,165,000	4,165,000
August 1, 1977	5.25	August 1, 1980/1985	8,340,000	4,170,000	-
August 1, 1977	5.20	August 1, 1986	4,165,000	4,165,000	4,165,000
August 1, 1977	4.60	August 1, 1987	4,165,000	4,165,000	4,165,000
August 1, 1977	4.70	August 1, 1988	4,165,000	4,165,000	4,165,000
August 1, 1977	4.80	August 1, 1989	4,165,000	4,165,000	4,165,000
August 1, 1977	4.90	August 1, 1990	4,165,000	4,165,000	4,165,000
August 1, 1977	5.00	August 1, 1991/1992	8,330,000	8,330,000	8,330,000
August 1, 1977	5.10	August 1, 1993/1994	8,330,000	8,330,000	8,330,000
August 1, 1977	5.20	August 1, 1995/1996	8,330,000	8,330,000	8,330,000
August 1, 1977	4.25	August 1, 1997	4,165,000	4,165,000	4,165,000
February 1, 1978	5.00	February 1, 1985/1989	20,835,000	16,665,000	12,495,000
February 1, 1978	5.10	February 1, 1990/1991	8,330,000	8,330,000	8,330,000
February 1, 1978	5.20	February 1, 1992	4,165,000	4,165,000	4,165,000

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1984	June 30, 1985	June 30, 1986
February 1, 1978	5.25%	February 1, 1993/1998	$ 24,990,000	$ 24,990,000	$ 24,990,000
June 1, 1978	6.00	June 1, 1981/1985	4,170,000	-	-
June 1, 1978	5.70	June 1, 1986	4,170,000	4,170,000	-
June 1, 1978	5.10	June 1, 1987/1988	8,330,000	8,330,000	8,330,000
June 1, 1978	5.20	June 1, 1989	4,165,000	4,165,000	4,165,000
June 1, 1978	5.25	June 1, 1990	4,165,000	4,165,000	4,165,000
June 1, 1978	5.30	June 1, 1991	4,165,000	4,165,000	4,165,000
June 1, 1978	5.40	June 1, 1992	4,165,000	4,165,000	4,165,000
June 1, 1978	5.50	June 1, 1993/1994	8,330,000	8,330,000	8,330,000
June 1, 1978	5.60	June 1, 1995/1997	12,495,000	12,495,000	12,495,000
June 1, 1978	5.00	June 1, 1998	4,165,000	4,165,000	4,165,000
February 1, 1979	5.90	February 1, 1983/1994	41,665,000	37,495,000	33,325,000
February 1, 1979	6.00	February 1, 1995/1999	20,825,000	20,825,000	20,825,000
July 1, 1979	5.60	July 1, 1984/1988	20,845,000	16,675,000	12,505,000
July 1, 1979	5.70	July 1, 1989/1994	24,990,000	24,990,000	24,990,000
July 1, 1979	5.75	July 1, 1995/1997	12,495,000	12,495,000	12,495,000
July 1, 1979	5.90	July 1, 1998/1999	8,330,000	8,330,000	8,330,000
June 1, 1980	6.30	June 1, 1984/1991	29,175,000	25,005,000	20,835,000
June 1, 1980	6.40	June 1, 1992/1993	8,330,000	8,330,000	8,330,000
June 1, 1980	6.50	June 1, 1994	4,165,000	4,165,000	4,165,000
June 1, 1980	6.60	June 1, 1995	4,165,000	4,165,000	4,165,000
June 1, 1980	6.75	June 1, 1996/1997	8,330,000	8,330,000	8,330,000
June 1, 1980	7.00	June 1, 1998	4,165,000	4,165,000	4,165,000
June 1, 1980	7.10	June 1, 1999/2000	8,330,000	8,330,000	8,330,000
August 1, 1981	11.50	August 1, 1984/1996	54,175,000	50,005,000	-
August 1, 1981	11.60	August 1, 1997	4,165,000	4,165,000	-
August 1, 1981	11.70	August 1, 1998	4,165,000	4,165,000	-
August 1, 1981	11.80	August 1, 1999	4,165,000	4,165,000	-
August 1, 1981	12.00	August 1, 2000/2001	8,330,000	8,330,000	-
November 1, 1981	12.00	November 1, 1984/1989	25,020,000	-	-
November 1, 1981	12.00	November 1, 1990/2001	49,980,000	-	-
June 1, 1982	11.90	June 1, 1985/1990	25,020,000	-	-
June 1, 1982	11.90	June 1, 1991	4,165,000	-	-
June 1, 1982	12.00	June 1, 1992/1994	12,495,000	-	-
June 1, 1982	12.10	June 1, 1995	4,165,000	-	-
June 1, 1982	12.30	June 1, 1996	4,165,000	-	-
June 1, 1982	12.40	June 1, 1997	4,165,000	-	-
June 1, 1982	12.50	June 1, 1998/1999	8,330,000	-	-
June 1, 1982	12.60	June 1, 2000/2002	12,495,000	-	-
October 1, 1982	9.10	October 1, 1985/1992	33,350,000	33,350,000	29,180,000

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1984	June 30, 1985	June 30, 1986
October 1, 1982	9.30%	October 1, 1993	$ 4,165,000	$ 4,165,000	$ 4,165,000
October 1, 1982	9.40	October 1, 1994	4,165,000	4,165,000	4,165,000
October 1, 1982	9.60	October 1, 1995	4,165,000	4,165,000	4,165,000
October 1, 1982	9.75	October 1, 1996	4,165,000	4,165,000	4,165,000
October 1, 1982	9.80	October 1, 1997	4,165,000	4,165,000	4,165,000
October 1, 1982	9.90	October 1, 1998/2002	20,825,000	20,825,000	20,825,000
March 1, 1983	7.75	March 1, 1986/1988	12,510,000	12,510,000	8,340,000
March 1, 1983	8.00	March 1, 1989/1993	20,840,000	20,840,000	20,840,000
March 1, 1983	8.10	March 1, 1994	4,165,000	4,165,000	4,165,000
March 1, 1983	8.30	March 1, 1995	4,165,000	4,165,000	4,165,000
March 1, 1983	8.40	March 1, 1996	4,165,000	4,165,000	4,165,000
March 1, 1983	8.60	March 1, 1997	4,165,000	4,165,000	4,165,000
March 1, 1983	8.70	March 1, 1998	4,165,000	4,165,000	4,165,000
March 1, 1983	8.75	March 1, 1999/2003	20,825,000	20,825,000	20,825,000
June 1, 1983	7.00	June 1, 1986	4,170,000	4,170,000	-
June 1, 1983	8.80	June 1, 1987/1995	37,510,000	37,510,000	37,510,000
June 1, 1983	9.00	June 1, 1996	4,165,000	4,165,000	4,165,000
June 1, 1983	9.10	June 1, 1997/1998	8,330,000	8,330,000	8,330,000
June 1, 1983	9.20	June 1, 1999/2000	8,330,000	8,330,000	8,330,000
June 1, 1983	9.25	June 1, 2001/2003	12,495,000	12,495,000	12,495,000
October 1, 1983	8.40	October 1, 1986/1991	25,020,000	25,020,000	25,020,000
October 1, 1983	8.40	October 1, 1992/1993	8,330,000	8,330,000	8,330,000
October 1, 1983	8.60	October 1, 1994	4,165,000	4,165,000	4,165,000
October 1, 1983	8.70	October 1, 1995	4,165,000	4,165,000	4,165,000
October 1, 1983	8.80	October 1, 1996	4,165,000	4,165,000	4,165,000
October 1, 1983	8.90	October 1, 1997	4,165,000	4,165,000	4,165,000
October 1, 1983	9.00	October 1, 1998	4,165,000	4,165,000	4,165,000
October 1, 1983	9.10	October 1, 1999	4,165,000	4,165,000	4,165,000
October 1, 1983	9.20	October 1, 2000	4,165,000	4,165,000	4,165,000
October 1, 1983	9.25	October 1, 2001/2003	12,495,000	12,495,000	12,495,000
April 1, 1984	9.10	April 1, 1987/1992	25,020,000	25,020,000	25,020,000
April 1, 1984	9.10	April 1, 1993/1995	12,495,000	12,495,000	12,495,000
April 1, 1984	9.30	April 1, 1996	4,165,000	4,165,000	4,165,000
April 1, 1984	9.50	April 1, 1997	4,165,000	4,165,000	4,165,000
April 1, 1984	9.70	April 1, 1998	4,165,000	4,165,000	4,165,000
April 1, 1984	9.75	April 1, 1999/2004	24,990,000	24,990,000	24,990,000
October 1, 1984	9.25	April 1, 1988/1991	-	16,680,000	16,680,000
October 1, 1984	9.40	April 1, 1992/1996	-	20,835,000	20,835,000
October 1, 1984	9.60	April 1, 1997	-	4,165,000	4,165,000
October 1, 1984	9.75	April 1, 1998	-	4,165,000	4,165,000

STATE OF HAWAII

SCHEDULE OF GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

Date Of Issue	Interest Rate	Maturity Date	Amount Outstanding June 30, 1984	Amount Outstanding June 30, 1985	Amount Outstanding June 30, 1986
October 1, 1984	9.90%	April 1, 1999	$ -	$ 4,165,000	$ 4,165,000
October 1, 1984	10.00	April 1, 2000/2005	-	24,990,000	24,990,000
March 1, 1985	8.40	March 1, 1986/1993	-	74,095,000	64,830,000
March 1, 1985	8.50	March 1, 1994	-	9,260,000	9,260,000
March 1, 1985	8.70	March 1, 1995	-	9,260,000	9,260,000
March 1, 1985	8.80	March 1, 1996	-	9,260,000	9,260,000
March 1, 1985	9.00	March 1, 1997	-	9,260,000	9,260,000
March 1, 1985	9.10	March 1, 1998	-	9,260,000	9,260,000
March 1, 1985	9.30	March 1, 1999	-	9,260,000	9,260,000
March 1, 1985	9.375	March 1, 2000/2002	-	27,780,000	27,780,000
June 1, 1985	8.00	June 1, 1988/2005	-	75,000,000	75,000,000
July 1, 1985	7.30	July 1, 1986/1987	-	-	9,370,000
July 1, 1985	7.40	July 1, 1988/1993	-	-	28,090,000
July 1, 1985	7.60	July 1, 1994	-	-	4,680,000
July 1, 1985	7.75	July 1995/1996	-	-	9,360,000
July 1, 1985	8.00	July 1, 1997/2001	-	-	23,400,000
November 1, 1985	7.70	November 1, 1988/1994	-	-	29,185,000
November 1, 1985	7.80	November 1, 1995	-	-	4,165,000
November 1, 1985	8.00	November 1, 1996	-	-	4,165,000
November 1, 1985	8.20	November 1, 1997	-	-	4,165,000
November 1, 1985	8.30	November 1, 1998	-	-	4,165,000
November 1, 1985	8.40	November 1, 1999	-	-	4,165,000
November 1, 1985	8.50	November 1, 2000/2005	-	-	24,990,000
March 1, 1986	6.25	March 1, 1989/1997	-	-	37,515,000
March 1, 1986	6.30	March 1, 1998	-	-	4,165,000
March 1, 1986	6.40	March 1, 1999	-	-	4,165,000
March 1, 1986	6.50	March 1, 2000	-	-	4,165,000
March 1, 1986	6.60	March 1, 2001/2006	-	-	24,990,000
Halawa jail bonds (transfered from City and County of Honolulu) - Various	Various	Various	99,840	85,620	71,350
TOTAL BONDED INDEBTEDNESS - GENERAL OBLIGATION BONDS			$ 1,641,694,840	$ 1,697,635,620	$ 1,734,971,350

SCHEDULE OF MATURED GENERAL OBLIGATION BONDS OUTSTANDING
LAST THREE FISCAL YEARS

(In Thousands)

Date Of Issue	Interest Rate	Matured Bonds Outstanding June 30, 1983	Fiscal Year Ended June 30, 1984		Matured Bonds Outstanding June 30, 1984	Fiscal Year Ended June 30, 1985		Matured Bonds Outstanding June 30, 1985	Fiscal Year Ended June 30, 1986		Matured Bonds Outstanding June 30, 1986
			Maturities	Redemptions		Maturities	Redemptions		Maturities	Redemptions	
May 1, 1956	3.25%	$ 1	$ -	$ -	$ 1	$ -	$ -	$ 1	$ -	$ -	$ 1
May 15, 1957	3.75	5	-	-	5	-	-	5	-	-	5
May 15, 1963	3.50	115	-	115	-	-	-	-	-	-	-
November 1, 1963	3.40	55	1,760	1,720	95	1,760	1,575	280	1,760	1,885	155
May 15, 1964	3.00	-	835	825	10	-	10	-	-	-	-
October 15, 1964	3.10	-	835	835	-	835	835	-	-	-	-
May 1, 1965	3.10	975	1,000	1,975	-	1,000	1,000	-	-	-	-
December 1, 1965	4.25	-	780	745	35	780	815	-	780	780	-
June 1, 1966	4.75	495	555	1,040	10	555	10	555	555	1,050	60
May 15, 1967	3.80	35	1,110	1,145	-	1,110	1,110	-	1,110	1,110	-
September 1, 1967	4.90	-	450	450	-	450	450	-	450	450	-
November 1, 1967	4.80	-	1,110	1,110	-	1,110	1,110	-	1,110	1,110	-
March 1, 1968	4.15	1,665	1,665	3,305	25	1,665	25	1,665	1,665	1,700	1,630
September 1, 1968	4.00	-	2,110	2,110	-	2,110	2,110	-	2,110	2,110	-
March 1, 1969	5.75	30	1,665	1,345	350	1,665	110	1,905	1,665	3,220	350
May 1, 1969	5.75	-	1,050	1,050	-	545	545	-	-	-	-
September 1, 1969	3.00	-	215	215	-	215	215	-	215	215	-
April 1, 1970	Various	10	1,665	1,600	75	1,665	1,705	35	1,665	1,650	50
October 1, 1970	6.50	-	3,055	3,045	10	3,055	3,065	-	3,055	3,055	-
March 1, 1971	5.00	25	3,055	3,015	65	3,055	2,675	445	3,055	2,805	695
September 1, 1971	Various	-	3,055	3,055	-	3,055	3,055	-	3,055	3,055	-
February 1, 1972	Various	-	3,055	3,020	35	3,055	3,070	20	3,055	3,060	15
August 1, 1972	Various	-	3,145	3,145	-	3,150	3,150	-	3,155	3,155	-
February 1, 1973	Various	610	3,055	3,665	-	3,055	3,055	-	3,055	3,015	40
June 1, 1973	Various	4,030	4,165	7,960	235	4,165	4,315	85	4,165	4,220	30
December 1, 1973	Various	-	1,945	1,945	-	1,945	1,845	100	1,945	1,945	100
April 1, 1974	Various	480	4,165	3,655	990	4,165	2,255	2,900	4,165	6,965	100
March 1, 1975	Various	450	4,165	4,615	-	4,165	4,165	-	4,165	4,155	10
September 1, 1975	Various	-	4,170	4,155	15	4,165	4,165	15	4,165	4,180	-
November 1, 1975	Various	-	2,780	2,780	-	2,780	2,750	30	2,780	2,810	-
March 1, 1976	Various	320	4,170	3,825	665	4,165	4,815	15	4,165	4,165	15
June 1, 1976	Various	4,170	4,170	7,875	465	4,165	4,190	440	4,165	4,105	500
September 1, 1976	Various	-	325	315	10	345	355	-	365	365	-
December 1, 1976	Various	-	4,170	4,170	-	4,170	4,135	35	4,165	4,175	25
April 1, 1977	Various	265	4,170	4,435	-	4,170	400	3,770	4,165	7,935	-
August 1, 1977	Various	-	4,170	4,170	-	4,170	4,170	-	4,170	4,170	-

STATE OF HAWAII

SCHEDULE OF MATURED GENERAL OBLIGATION BONDS OUTSTANDING (Continued)
LAST THREE FISCAL YEARS

(In Thousands)

Date Of Issue	Interest Rate	Matured Bonds Outstanding June 30, 1983	Fiscal Year Ended June 30, 1984		Matured Bonds Outstanding June 30, 1984	Fiscal Year Ended June 30, 1985		Matured Bonds Outstanding June 30, 1985	Fiscal Year Ended June 30, 1986		Matured Bonds Outstanding June 30, 1986
			Maturities	Redemptions		Maturities	Redemptions		Maturities	Redemptions	
February 1, 1978	Various	$ 545	$ 4,170	$ 4,690	$ 25	$ 4,170	$ 4,195	$ -	$ 4,170	$ 4,170	$ -
June 1, 1978	Various	4,170	4,170	8,020	320	4,170	4,390	100	4,170	4,185	85
February 1, 1979	Various	-	4,170	4,070	100	4,170	4,265	5	4,170	4,025	150
July 1, 1979	Various	-	4,170	4,170	-	4,170	4,170	-	4,170	4,170	-
June 1, 1980	Various	4,070	4,170	5,070	3,170	4,170	3,170	4,170	4,170	4,770	3,570
August 1, 1981	Various	-	-	-	-	4,170	4,070	100	-	100	-
November 1, 1981	Various	-	-	-	-	4,170	4,170	-	-	-	-
October 1, 1982	Various	-	-	-	-	-	-	-	4,170	4,170	-
March 1, 1983	Various	-	-	-	-	-	-	-	4,170	4,170	-
June 1, 1983	Various	-	-	-	-	-	-	-	4,170	-	4,170
March 1, 1985	Various	-	-	-	-	-	-	-	9,265	9,265	-
Halawa Jail Bonds- Various	Various	-	16	16	-	14	14	-	14	14	-
		$ 22,521	$ 98,656	$ 114,466	$ 6,711	$ 105,664	$ 95,699	$ 16,676	$ 116,734	$ 121,654	$ 11,756

STATE OF HAWAII

SCHEDULE M-8

REVENUE BONDS
SCHEDULE OF CHANGES IN LONG-TERM BONDED INDEBTEDNESS
LAST THREE FISCAL YEARS

BONDED INDEBTEDNESS, REVENUE BONDS, JUNE 30, 1983	$ 636,338,000
Less revenue bonds matured during the fiscal year ended June 30, 1984	23,755,000
	612,583,000
Add:	
University of Hawaii revenue bonds	3,360,000
Airports System revenue bonds, Series of 1983	50,000,000
Hawaii Housing Authority low income housing bonds	35,470,000
Hawaii Housing Authority, Series B of 1983	30,000,000
Hawaii Housing Authority, Series C of 1983	61,000,000
BONDED INDEBTEDNESS, REVENUE BONDS, JUNE 30, 1984	792,413,000
Less revenue bonds matured during the fiscal year ended June 30, 1985	27,432,000
	764,981,000
Add:	
Airports System revenue bonds, Series of 1984	65,000,000
Hawaii Housing Authority, Series A of 1984	100,000,000
BONDED INDEBTEDNESS, REVENUE BONDS, JUNE 30, 1985	929,981,000
Less revenue bonds matured during the fiscal year ended June 30, 1986	61,047,000
	868,934,000
Add:	
Airports System revenue bonds, Series of 1986	35,000,000
Hawaii Housing Authority, Series A of 1985	30,000,000
Hawaii Housing Authority, Series A of 1986	40,300,000
University of Hawaii revenue bonds, Series F	1,650,000
Multi-family housing revenue bonds	35,800,000
BONDED INDEBTEDNESS, REVENUE BONDS, JUNE 30, 1986	$ 1,011,684,000

SCHEDULE OF REVENUE BONDS OUTSTANDING
LAST THREE FISCAL YEARS

Purpose	Interest Rate	Maturity Date	Amount Outstanding June 30, 1984	June 30, 1985	June 30, 1986
Harbor, Issue of 1960	4.30 %	October 1, 1973/1984	$ 1,000,000	$ -	$ -
Harbor, Issue of 1965	3.70	October 1, 1985	125,000	-	-
Harbor, Issue of 1966	4.125	November 1, 1995	1,080,000	-	-
Harbor, Issue of 1967	5.20	July 1, 1973/1997	17,000,000	16,765,000	15,695,000
Harbor, Issue of 1978	Various	January 1, 1979/2008	18,800,000	18,800,000	18,450,000
Harbors Capital Improvement Revenue Bonds, Series of 1983	Various	July 1, 1984/2008	23,300,000	23,300,000	22,885,000
Harbors Special Facility Revenue Bonds	Various	September 1, 1983/2013	16,750,000	16,750,000	16,750,000
University of Hawaii	3.50	October 1, 1973/2001	281,000	270,000	258,000
University of Hawaii	3.00	October 1, 1973/1999	172,000	160,000	148,000
University of Hawaii	2.875	April 1, 1974/2000	355,000	337,000	319,000
University of Hawaii	3.00	October 1, 1974/2006	2,375,000	2,300,000	2,225,000
University of Hawaii	9.40	October 1, 1984/1998	3,360,000	3,250,000	3,130,000
University of Hawaii	7.45	October 1, 1988/1991	-	-	1,650,000
Airports System Revenue Bonds, Series of 1969	Various	July 1, 1972/1994	23,905,000	22,090,000	21,895,000
Airports System Revenue Bonds, Second Series of 1969	Various	July 1, 1972/1994	28,025,000	25,995,000	25,910,000
Airports System Revenue Bonds, Series of 1970	Various	July 1, 1973/1995	13,130,000	12,320,000	12,260,000
Airports System Revenue Bonds, Second Series of 1970	Various	July 1, 1973/1995	17,065,000	16,025,000	15,930,000
Airports System Revenue Bonds, Series of 1971	Various	July 1, 1976/1996	23,135,000	21,985,000	20,375,000
Airports System Revenue Bonds, Second Series of 1971	Various	July 1, 1976/1996	15,330,000	14,555,000	13,685,000
Airports System Revenue Bonds, Series of 1972	Various	July 1, 1977/1997	19,860,000	18,930,000	17,945,000
Airports System Revenue Bonds, Series of 1974	Various	July 1, 1979/1999	17,680,000	17,100,000	16,470,000
Airports System Revenue Bonds, Series of 1975	Various	July 1, 1979/2000	17,840,000	17,300,000	16,730,000
Airports System Revenue Bonds, Series of 1977	Various	July 1, 1978/2003	18,010,000	17,535,000	17,030,000
Airports Special Facility Revenue Bonds	Various	April 1, 1978/2005	10,235,000	10,030,000	9,810,000
Airports System Revenue Bonds, Refunding Series of 1983	Various	July 1, 1984/2008	97,050,000	96,635,000	94,870,000
Airports System Revenue Bonds, Series of 1983	Various	July 1, 1985/2013	50,000,000	50,000,000	49,815,000
Airports System Revenue Bonds, Series of 1984	Various	July 1, 1985/2004	-	65,000,000	65,000,000
Airports System Revenue Bonds, Series of 1986	Various	July 1, 1989/2004	-	-	35,000,000
Hawaii Housing Authority, Low Income Housing Bonds	Various	August 1, 1991/2009	35,470,000	34,229,000	32,939,000
Hawaii Housing Authority, Series A of 1980	Various	July 1, 1980/2010	95,815,000	92,365,000	87,980,000
Hawaii Housing Authority, Series B of 1980	Various	December 31, 1980/2010	48,345,000	46,800,000	44,855,000
Hawaii Housing Authority, Series A of 1981	Various	July 1, 1983/1998	19,675,000	12,505,000	11,345,000
Hawaii Housing Authority, Series A of 1982	Various	July 1, 1983/2001	16,245,000	15,680,000	14,715,000
Hawaii Housing Authority, Series A of 1983	Various	July 1, 1984/2013	50,000,000	49,970,000	49,205,000
Hawaii Housing Authority, Series B of 1983	Various	July 1, 1985/2014	30,000,000	30,000,000	29,805,000
Hawaii Housing Authority, Series C of 1983	Various	July 1, 1985/2013	61,000,000	61,000,000	60,505,000
Hawaii Housing Authority, Series A of 1984	Various	July 1, 1985/2016	-	100,000,000	60,000,000
Hawaii Housing Authority, Series A of 1985	Various	July 1, 1988/2016	-	-	30,000,000
Hawaii Housing Authority, Series A of 1986	Various	July 1, 1991/2017	-	-	40,300,000
Multi-Family Housing Revenue Bonds	Various	December 1, 1986/1996	-	-	35,800,000
TOTAL BONDED INDEBTEDNESS, REVENUE BONDS			$ 792,413,000	$ 929,981,000	$ 1,011,684,000

STATE OF HAWAII

SCHEDULE M-10

SCHEDULE OF MATURED REVENUE BONDS OUTSTANDING
LAST THREE FISCAL YEARS

	Matured Bonds Outstanding Beginning Of Year	Maturities	Redemptions	Matured Bonds Outstanding End Of Year
Fiscal year ended June 30, 1984:				
Harbors	$ 396,122	$ 1,350,000	$ 1,030,809	$ 715,313
Highways	10,842	-	-	10,842
Airports	13,483	9,495,000	9,445,000	63,483
Airports - Special Facility	155,000	185,000	205,000	135,000
Parking	-	70,000	70,000	-
University Projects	-	110,000	110,000	-
Hawaii Housing Authority	-	12,545,000	12,545,000	-
TOTAL	$ 575,447	$ 23,755,000	$ 23,405,809	$ 924,638
Fiscal year ended June 30, 1985:				
Harbors	715,313	2,440,000	1,809,633	1,345,680
Highways	10,842	-	-	10,842
Airports	63,483	10,560,000	10,608,550	14,933
Airports - Special Facility	135,000	205,000	325,000	15,000
University Projects	-	226,000	226,000	-
Hawaii Housing Authority	-	14,001,000	14,001,000	-
TOTAL	$ 924,638	$ 27,432,000	$ 26,970,183	$ 1,386,455
Fiscal year ended June 30, 1986:				
Harbors	1,345,680	1,835,000	1,279,000	1,901,680
Highways	10,842	-	-	10,842
Airports	14,933	7,555,000	7,491,244	78,689
Airports - Special Facility	15,000	220,000	150,000	85,000
University Projects	-	237,000	237,000	-
Hawaii Housing Authority	-	51,200,000	51,200,000	-
TOTAL	$ 1,386,455	$ 61,047,000	$ 60,357,244	$ 2,076,211

SCHEDULE M-11

STATE OF HAWAII

CERTIFICATE OF LEGAL DEBT LIMIT

JUNE 30, 1986

Section 13, Article VII of the State Constitution, as amended by the Constitutional Convention of 1978, states that general obligation bonds may be issued by the State, provided that at the time the bonds are issued, the issuance will not cause the highest total amount of principal and interest payable in the current or any future year on the issuance and on all outstanding general obligation bonds to exceed eighteen and one-half percent of the average of the General Fund revenues of the State in the three fiscal years immediately preceding the issuance. The general obligation bonds subject to this limitation exclude reimbursable and certain other specified bonds.

To the right is the Director of Finance's Certification dated November 6, 1986, reflecting the calculations evidencing compliance with the constitutional debt limit for the bond issue of November 1, 1986, for $252,090,000.

CERTIFICATE AS TO DEBT LIMIT

I, the undersigned, JENSEN S. L. HEE, being the duly appointed and acting Director of Finance of the State of Hawaii, do hereby certify with respect to $252,090,000 General Obligation Refunding Bonds of 1986, Series BG, of the State of Hawaii, (the "Series BG Bonds"), as follows: (i) the general fund revenues of the State of Hawaii in the fiscal year ended June 30, 1984 were $1,320,280,833, the general fund revenues of the State of Hawaii in the fiscal year ended June 30, 1985 were $1,439,541,519 and the general fund revenues of the State of Hawaii in the fiscal year ended June 30, 1986 were not less than $888,826,296 and therefore the average of general fund revenues of the State of Hawaii in the fiscal years ended June 30, 1984, 1985 and 1986 will not be less than $1,216,216,216; (ii) eighteen and one-half percent (18-1/2%) of such average is $225,000,000; (iii) Exhibit A hereto truly and correctly sets forth (A) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2012 on all general obligation bonds of the State of Hawaii outstanding as of October 1, 1986, (B) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2005 on the outstanding Series AU, Series AW, Series AY and Series AZ Bonds to be refunded by the Series BG Bonds, (C) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2012 on general obligation bonds which may be excluded under Section 13, Article VII of the 1978 Constitution in determining the power of the State to issue general obligation bonds, (D) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2005, on outstanding Series AU, Series AW, Series AY and Series AZ Bonds to be refunded by the Series BG Bonds which may be excluded under Section 13, Article VII of the 1978 Constitution in determining the power of the State to issue general obligation bonds, (E) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2004 on the Series BG Bonds, (F) the amount of principal and interest payable in the current and each future fiscal year to and including the fiscal year ending June 30, 2004 on the Series BG Bonds which may be excluded under Section 13, Article VII of the 1978 Constitution in determining the power of the State to issue general obligation bonds, and (G) the total amount of principal and interest payable on all outstanding general obligation bonds and the Series BG Bonds taking into effect the refunding in advance of maturity of the Series AU, Series AW, Series AY and Series AZ Bonds to be refunded by the Series BG Bonds; (iv) as indicated by Exhibit A hereto, the greatest total amount of principal and interest payable in any fiscal year on all general obligation bonds of the State of Hawaii outstanding as of October 1, 1986 and on the Series BG Bonds taking into account the effect of refunding in advance of maturity the Series AU, Series AW, Series AY and Series AZ Bonds to be refunded by the Series BF Bonds occurs in the fiscal year ending June 30, 1988 in the amount of $214,809,939; (v) such amount will not exceed eighteen and one-half percent (18-1/2%) of the average general fund revenues of the State in the fiscal years ended June 30, 1984, 1985 and 1986; (vi) as of the date hereof, the State of Hawaii has not incurred any general obligation indebtedness as guarantor of a contingent liability and has not issued any general obligation bonds since October 1, 1986 except for the Series BG Bonds being delivered to the purchasers thereof and on the date hereof.

Done and delivered at New York, New York, this 6 th day of November, 1986.

JENSEN S. L. HEE
Director of Finance
of the State of Hawaii

EXHIBIT A

Fiscal year ending June 30	Total amount of principal and interest payable on all general obligation bonds outstanding as of Oct. 1, 1986	Total amount of principal and interest payable on outstanding Series AU, AW, AY and AZ Bonds to be refunded as of Oct. 1, 1986	Principal and interest excludable under Sec. 13, Art. VII Hawaii Constitution on all general obligation bonds outstanding	Principal and interest excludable under Sec. 13, Art. VII Hawaii Constitution on outstanding Series AU, AW, AY and AZ Bonds to be refunded	Total amount of principal and interest payable on the Series BG Bonds	Principal and interest excludable under Sec. 13, Art. VII Hawaii Constitution on the Series BG Bonds	Total amount of principal and interest payable on all outstanding general obligation bonds and the Series BG Bonds
1987	169,964,068	12,335,345	169,964,068	12,335,345	7,916,568	7,916,568	---
1988	253,884,840	20,149,583	35,203,789	2,071,010	15,833,135	1,625,674	214,809,939
1989	249,426,803	20,149,583	32,760,959	2,071,010	15,833,135	1,625,674	212,794,732
1990	240,134,256	20,149,583	30,822,610	2,071,010	15,833,135	1,625,674	205,440,534
1991	229,180,523	20,149,583	29,345,886	2,071,010	15,833,135	1,625,674	195,963,525
1992	214,157,504	36,434,085	27,473,521	3,744,515	34,646,285	3,557,323	185,083,375
1993	199,371,388	34,912,100	25,141,215	3,588,027	33,482,585	3,437,839	172,950,846
1994	180,717,835	33,386,640	22,571,163	3,431,285	32,318,885	3,318,356	157,191,846
1995	166,744,063	31,860,168	21,320,349	3,274,348	31,155,185	3,198,873	144,794,206
1996	154,996,084	30,327,448	19,555,777	3,116,726	29,986,635	3,078,891	135,137,329
1997	132,561,475	28,766,614	14,934,945	2,956,183	28,823,235	2,959,439	117,679,895
1998	117,783,206	27,181,831	13,653,532	2,793,143	27,650,140	2,838,991	104,552,135
1999	99,190,875	25,579,348	12,590,253	2,628,190	26,447,960	2,715,556	87,381,868
2000	89,383,783	23,963,328	11,020,584	2,461,902	25,216,695	2,589,135	79,489,333
2001	75,766,233	22,345,225	9,004,209	2,295,421	23,956,345	2,459,728	68,208,837
2002	70,879,254	20,725,040	8,534,771	2,128,753	22,666,910	2,327,335	64,087,771
2003	52,239,314	19,104,855	6,212,860	1,962,086	21,362,933	2,193,449	48,053,169
2004	36,311,181	9,360,838	4,828,977	989,558	20,049,260	2,058,567	41,101,617
2005	25,691,173	4,373,250	3,815,109	408,170			17,910,984
2006	15,878,040		3,049,564				12,828,476
2007	6,787,455		2,619,290				4,168,165
2008	2,195,123		2,164,774				30,349
2009	1,874,100		1,843,747				30,353
2010	1,879,900		1,849,453				30,447
2011	1,889,550		1,858,947				30,603
2012	947,600		932,253				15,347